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ABSTRACT

The report presents findings from a study of the effectiveness of a marketing strategy to foster dissemination of special education materials developed with Federal funds (OSE-Office of Special Education). The report emphasized processes over products in the marketing program and draws on analyses from previous studies, interviews with marketing task force members and product developers, and summaries from a conference with commercial distributors. Each of eight chapters focuses on a series of key questions and concludes with a list of recommendations on the topic. Chapters examine the following aspects (sample subtopics are in parentheses): conceptualization and development of OSE products (origination, market research); market linkage project (MLP) services to product developers (use and effectiveness of services); and dissemination recommendations; MLP publisher liaison and product licensing (procedures for commercial distribution); publisher modification and distribution of OSE products (preparation for distribution, success and cost figures); consumer reaction to OSE products (perceived benefits); program monitoring (data collection regarding product effectiveneess); and marketing program benefits and cost effectiveness. Appended information includes a list of licensed publishers and products. (An executive summary is also provided). (CL)

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Descriptive Analysis of the OSE Marketing Program

Market Dimensions, Inc.

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MARKET DIMENSIONS INCORPORATED

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FINAL REPORT

"DESCRIPTIVE ANALYSIS OF THE OSE MARKETING PROGRAM"

Contract No. 300-80-0846

Submitted to

OFFICE FOR SPECIAL EDUCATION

U. S. DEPARTMENT OF EDUCATION

By

Market Dimensions, Inc.

October 31, 1981

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INTRODUCTION

The OSE* Marketing Program was established in 1977 to foster the widespread dissemination of special education materials developed with Federal funds. Prior to the creation of the Marketing Program, Federally-funded special education materials were disseminated on a sporadic basis. A 1976 study by Contract Research Corporation reported that few directors of BEH*-funded projects ever sought to market the products resulting from their work; of those who did make the effort, few succeeded. These findings were confirmed more recently by Biospherics, Inc. who collected information in 1979 from 1300 product developers* funded by BEH during the past ten years. This effort was undertaken as a part of preparing a catalog of BEH products. Of the 895 responses, 94 reported that products had received commercial (or national) distribution. Another 535 said their products had been given "informal dissemination", meaning that the product had been used by at least one school or institution. Of the remainder, 225 were not disseminated at all, and 41 products could not be accounted for. Therefore, according to this survey, only approximately 7% of the BEH-funded products achieved any kind of widespread distribution.

A BEH study group, composed of representatives of the Bureau's four Divisions, was formed in late 1976 to develop plans for a coordinated, aggressive Bureau-wide marketing program. Its formal report outlined the framework for the current Marketing Program -- officially launched in the fall of 1977. The Program is designed to facilitate national dissemination of products resulting from OSE-funded projects, with particular emphasis on commercial distribution in order to take advantage of commercial

* See Appendix G (Glossary of Terms) for definitions of asterisked terms. Terms are marked once -- the first time they appear in this report.

advertising and sales capabilities. Other distribution channels are considered for products for which the market is so limited that commercial distribution is not feasible.

The Marketing Program operates mainly through the Market Linkage Project (MLP*), a contracted service which provides technical assistance to product developers; gathers and evaluates products for commercial distribution potential; licenses products to commercial publishers/distributors* through a competitive bidding process; and places "thin" (limited market) products in alternative distribution channels. The organization which has served as the MLP contractor since the Program's inception is Linc Resources*, Columbus, Ohio.

In 1980, OSE awarded a contract to Market Dimensions, Inc. to prepare a Descriptive Analysis of the Marketing Program at the conclusion of its first three years of operation. The purpose of this report is to present a concise description of the OSE Marketing Program and to provide documented information about the development and dissemination of OSE-supported products, their effects on consumers and the benefits (or lack of them) to all parties involved in the Program. Primary emphasis is given to those products which, having been judged commercially viable, are licensed for commercial distribution.

The report is organized according to the processes involved in the Marketing Program. In order to analyze the effectiveness of each process, questions concerning its function and operation are examined. The answers yield a description of each Program component, including strengths and deficiencies. Based on these findings, recommendations for improvement are made where appropriate.

The chapters, and the major issues examined in each, are:

I. Conceptualization and Development of OSE Products

--How do ideas for products originate?

--What kinds of market research do product developers employ?

--What kinds of products are developed?

II. Market Linkage Project Services to Product Developers

--What services does the MLP provide to product developers?

--To what extent are the services utilized?

--How effective are the services?

III. MLP Product Intake, Review and Dissemination Recommendations

--What procedures are involved in determining how an OSE-supported product will be disseminated?

--How effective are the procedures?

IV. MLP Publisher Liaison and Product Licensing

--How are publishers made aware of the Marketing Program?

--What procedures are used for entering products into commercial distribution?

--How effective are these procedures?

--What has been the extent of commercial publisher involvement in the Program?

V. Publisher Modification and Distribution of OSE Products

--What processes are involved in preparing an OSE product for commercial distribution?

--How much have publishers invested in these processes?

--How successful has distribution been; what percent of the target audience has access to products?

VI. Consumer Reaction to OSE Products

--How are OSE-supported products being used?

--How do users perceive the benefits of the products?

VII. Program Monitoring

--Is data collected on the effectiveness of the products; if so, how and by whom?

--Is publisher performance evaluated in terms of license agreements and sales?

--Are Program monitoring procedures effective?

VIII. Marketing Program Benefits and Cost Effectiveness

--Is the Program cost effective?

--What does it achieve for handicapped teachers and learners; the Federal Government; publishers; product developers?

This analysis of the OSE Marketing Program occurs at an appropriate time. The new initiative has been in existence three years -- a time period sufficient to examine the procedures of the Program and to provide early corrective recommendations where necessary. However, as will be seen, the relatively short life of the Program to date will have some impact on the breadth of the examination.

Scope and Method

The scope of this "Descriptive Analysis" has been affected by the newness of the OSE Marketing Program. Because the Program has been in effect for only three years, and because the emphasis on using commercial publishers to distribute OSE products is quite unique, there is no relevant departure point for making comparative judgments about Program effectiveness. As stated earlier, it is known that few OSE materials reached consumers prior to the implementation of the new Marketing Program, so any increase in the number of products being disseminated indicates a degree of success. However, it is difficult to measure how significant that degree is.

Therefore, this report is largely process-oriented, rather than outcome-oriented. It examines only that data which was available, either through

existing documents or first-hand observation. Thus, the scope of the analysis covers the processes involved in the marketing system, their adequacy in terms of stated goals, and their apparent value.

Using this approach, it has been possible to identify the areas where the Marketing Program is functioning well, and to pinpoint its weaknesses. This should serve as the necessary departure point for an outcome assessment of the Program.

The data used for this analysis was obtained from a variety of sources. Existing documents examined include: the Contract Research Corporation's report on dissemination of OSE materials; the Biospherics report on the same subject; the OSE National Needs Assessment of Special Education Materials; internal OSE communications; and quarterly and final reports submitted to OSE by Linc Resources (1977-80) under its contract with OSE.

In addition, two personal interviews each were conducted with the OSE Marketing Director and the Education Department Copyright Officer. The authors of this report spent two days in the offices of Linc Resources during which extensive interviews were conducted with each member of the professional staff and with each member of the Marketing Task Force. And, officials in the National Audiovisual Center and the National Diffusion Network were interviewed.

Also, lengthy telephone interviews were held with ten OSE product developers, as specified in the contract's RFP. The ten were chosen in consultation with the MLP Project Director and the OSE Marketing Director to represent a cross-section of organizations and types of products.

Then, in March, 1980 a 1½ day conference was held with commercial distributors of OSE products, during which they discussed the structure,

process and impact of the Marketing Program. All publishers of OSE products licensed during the first MLP contract period were invited to the conference, and those unable to attend were contacted by telephone and interviewed. Proprietary data related to distributors' investments, marketing costs, and sales was supplied by the publishers to an independent accounting firm which aggregated the information to prevent identification of individual organizations before submission to Market Dimensions. Publishers also supplied names of users/purchasers of licensed products, and telephone interviews were conducted with these individuals. In all, information was obtained from 83% of the publishers licensed by OSE in the Program's first three years.

At each step of the process, summaries of documents, personal interviews, and conference proceedings were prepared and, subsequently, the information they yielded was incorporated into this report.

In reviewing preliminary results of this report, the question arose as to whether existing general curriculum materials could be adapted for use in special education. This process could supplement new product development and expand the use of resources already available in local school districts. Therefore, the scope of this Descriptive Analysis was deepened slightly to examine the feasibility of revising widely-used curriculum materials to make them suitable for teaching not only the handicapped, but other students with special or remedial needs. The examination included an analysis of the current economics of educational publishing; and interviews with leading publishers concerning their intent to compete for Federal funds to participate in a cooperative project with OSE (and under what circumstances). Findings are described in Appendix F.

Chapter I

CONCEPTUALIZATION AND DEVELOPMENT OF OSE PRODUCTS

The goal of P.L. 94-142, The Education for All Handicapped Children Act, is to provide free appropriate public education to all handicapped children in need of special education. Achievement of this goal depends upon the development and delivery of a range of educational services at the Federal, state and local levels.

A key Federal responsibility is the funding of demonstration, research and development activities aimed at advancing the state of knowledge and practice in educating handicapped learners. To this end, the Office for Special Education (OSE) of the U.S. Department of Education* (formerly the Bureau of Education for the Handicapped, U.S. Office of Education*), each year awards hundreds of grants and contracts to colleges and universities, state and local education agencies, nonprofit organizations, private companies, and individuals. Many of these projects result in the development of child-use or teacher-use materials and products which can benefit handicapped learners, if they are effectively disseminated. The OSE Marketing Program was established to provide a systematic method of achieving national distribution for these products and materials.

To analyze the OSE Marketing Program, and determine how effectively it is working, it is necessary to look closely at the OSE-funded products which the Program seeks to disseminate. Because the Marketing Program relies on commercial publishers for product refinement as well as distribution, the quality of OSE-funded products may improve after they have been licensed for commercial distribution. However, the condition of the products after development, but before licensing, plays a key role in the investment that

will be required -- both in technical assistance and product refinement -- if the Marketing Program is to function well.

Therefore, this chapter presents a description of how OSE products originate, including a discussion of product developers' experience, the market research performed, product design considerations, and field testing -- all important elements of product development.

Origin of Products in the OSE Marketing Program

There are very few formal product development activities on-going in OSE. In fact, the only OSE Division charged with this specific task is the Division of Educational Services (DES), formerly the Division of Media Services. Special education products resulting from many DES grants and contracts have been planned as specific outcomes: that is, DES either identifies a need for a specific product and qualified applicants compete for funds to develop it (awards being based on proposals demonstrating the greatest expertise); or, organizations or individuals develop their own ideas for viable products and successfully convince DES of the need. In either case, the final outcome of the project — the product -- remains the goal of the entire effort from start to finish. And, ideas for the product come directly from DES, or are worked through in tandem with DES.

This is not the case, however, with many of the other products which find their way into the OSE Marketing Program. These non-DES products are generally off-shoots of other projects which were originally funded for purposes much broader than the development of special education materials. For example, a grant from the Division of Personnel Preparation to a university for training teachers to work with mainstreamed handicapped

children might have been fulfilled primarily through a series of in-service training seminars. A by-product of the seminars might have been the development of a manual or videotape which discusses various mainstreaming techniques and practices. In this case, the product in the marketing system (the manual or videotape) was possibly not even contemplated at the time of the grant award. In instances such as this, where products are secondary outcomes of larger projects, the idea for the product, as well as the determination of need, generally comes from the grantee.

Although all of the products distributed through the OSE Marketing Program have been funded with Federal dollars, the degree of Federal oversight and developer accountability varies greatly with the purpose of the financial assistance and the type of award. This sometimes has been a problem in the case of products resulting from larger research or training grants because less stringent accountability requirements have meant that products can fall through the cracks and end up sitting on the shelf. Further, when product development is not contemplated from the outset, professional product developers are not included in the budget and grantees are not notified about available technical assistance. No one is aware, least of all the grantee, that a product is likely to result from the grant.

Thus, in some cases, once conceptualization of a product takes place, the actual product design and development may suffer from lack of professional expertise. This is an important point because the more a product reflects early consideration of marketing requirements, the more economically and efficiently it can be disseminated and used in the classroom.

Experience of OSE Product Developers

Some of the difficulties inherent in product conceptualization and design can be illustrated by the findings of interviews conducted with ten developers of OSE products which were licensed by the MLP between October, 1977 and October, 1980. Each developer was asked up to 43 questions on a variety of matters related to their products. (See Appendix C.)

The interviews revealed that these ten developers had only limited personal experience in product development. Only three had ever developed products that were commercially distributed; in general, most of the product development experience was in the academic or government sectors. Four had developed only one product in the past -- regardless of whether that product was disseminated.

Although eight of the developers interviewed were affiliated with organizations which had past product development experience, this experience, too, was limited; in most cases the number of developed products was less than ten. Only three indicated they had a full-time, permanent staff of professional developers.

Product Market Research

Commercial product developers generally spend significant time and money investigating the need and market for a new product. Especially important is the identification of size and characteristics of the target population. However, interviews with OSE product developers indicated that only one of the ten surveyed had completed a formal needs assessment prior to the development of product. Other informal market research was conducted by seven of those interviewed. This informal research included: "talks with teachers", "staff idea", discussions with prospective users, and searches

in ERIC and NISCEM. However, this is not considered sufficient to indicate receptivity to a product in the commercial marketplace.

Although it was not possible to identify the target audiences for all products submitted to the MLP, it is interesting to note that, of the 70 licensed products, 61% are teacher-oriented; 36% are for student use; and 3% are intended for general audiences.

Product Design

Six of the developers participating in the survey identified their products as "print only" and one as "A-V only" (a 16mm film with users guide). The other three products were described as two-component products: two were identified as "print and A-V" (in both cases, the A-V component was audio tape), while the other product was described as "print with manipulatives".

When asked "What was the basis of your selection of product format?", one product developer stated that the product format "was specified in the RFP" and the other nine cited a combination of factors. "Teacher needs" was most often identified as influencing format selection, followed closely by "student needs", "staff capability" and "ease of marketability". "Success of similar product" along with "more practical" and "ease of use" were also mentioned. However, it is important to point out that the limited market research performed for most of these products impacts significantly on the options seen for product design.

Field Testing

Nine of the ten product developers interviewed said their products had been field tested. For eight of the nine, the product developer conducted all testing. In the ninth case, the product developer conducted some testing

and also retained a nonprofit subcontractor for testing. Generally, field testing of a product occurred during a period of one year or longer.

Five of the nine products were tested formally, and two were tested informally. Field tests for the remaining two products were conducted both formally and informally. When asked whether the testing was formative (conducted during product development) or summative (product in final form before testing), three of the nine developers responded that both types of field testing had been used. Four of the nine products were tested only in the formative stage and two only after the product was in final form.

All seven products which were tested on a formative basis were modified as a result of that testing. In all cases, the product developers described the modifications as minimal or moderate.

Product Distribution Decisions

Five of the developers participating in the telephone survey had developed products/programs in the past without OSE funds. Distribution of products in all these cases occurred through the product developer's own organization. Two of these developers had also used commercial publishers for some products.

All ten of the product developers had only one product in the MLP distribution system. Asked when distribution was planned for that product, five responded "before development started". One product developer stated distribution was planned "during development". Distribution for the four remaining products was planned after development -- for two prior to product evaluation and for the other two, following that stage.

Distribution potential is influenced greatly by consumer perception of the need for, and appropriateness of the design of, educational products.

Early awareness of marketing concerns will create more viable products. It is significant that only one-half of the developers surveyed contemplated distribution plans prior to product development.

Product Development Costs

A problem encountered during research on the Marketing Program is lack of hard data on grantees' expenditures for product development. Other than in the Division of Educational Services, no financial records could be found which break out the actual costs of developing OSE product from the larger research or training grant. Very few of the developers who were interviewed could actually pin down these costs -- they were subsumed in more general categories of salary or travel expenditures. This factor makes it impossible to arrive at a total dollar figure for the development costs of products in the MLP system. This is a problem because to accurately measure the cost effectiveness of the Marketing Program, it is important to determine the ratio of product marketing costs to product development costs.

Summary of Findings

Products which are secondary outcomes of larger grants pose several problems. The ideas for these products usually do not originate with formal needs assessments, but rather from informal activities such as staff ideas, talks with teachers, discussions with consumers, etc. During interviews with product developers little reference was made to needs of handicapped learners nationally and, therefore, any more formalized needs assessments tended to be of a regional character.

Unfortunately, the majority of the OSE products tend to fall into this secondary or "fugitive product" category, i.e., those which are not planned ahead but are off-shoots of larger grants. Thus, development of these

products occurs, more or less, in a vacuum. Since, in these cases, product development is not thought of as an end in and of itself, little thought is given to marketing considerations, such as need, product design, ease of replication, cost of reproduction, etc. Also, because early identification of potential developers (i.e., those grantees who only contemplate product development after grant award) has not occurred, provision of technical assistance is difficult, if not impossible.

Further, financial accounting of these products is impossible, as is an account of OSE's total investment because separate budgets are rarely developed for "fugitive products".

Recommendations

1. Earlier identification of grantees who will have products as secondary outcomes is essential, both for technical assistance purposes and to permit OSE to monitor its product development investments. Grants (or contracts) issued for purposes other than product development should be amended at such time as products are contemplated to include product development budgets and dissemination plans.

2. OSE product developers must be made aware of marketing considerations prior to product development. Since grantees are likely to be more responsive to their OSE project officers (as the funding source), in-service training of OSE program personnel on marketing requirements is recommended.

3. OSE products can benefit greatly from earlier availability of technical assistance to developers. (Detailed technical assistance recommendations are described in Chapter II.)

Chapter II

MARKET LINKAGE PROJECT SERVICES TO PRODUCT DEVELOPERS

As discussed in Chapter I, conceptualization and design of OSE-funded products suffers when product developers are not cognizant of the marketing requirements which must be met for effective product dissemination. Publisher interest in a product is influenced to a high degree by its commercial viability. While many factors impact on the commercial marketability of a product, most can be controlled by the product developer during the developmental process. For this reason, an early relationship between product developers and the MLP staff is important.

Early Identification of Product Developers

It is OSE's responsibility to provide the MLP with names and addresses of product developers as early as possible in the development process. Ideally, this should occur at the time of grant or contract award. However, during the initial three-year contract period, the MLP first became aware of the existence of some developers upon receipt of completed products from OSE. At other times, the MLP staff learned of the existence of products only after they were well into development.

As soon as the MLP staff receive the names of developers, information is sent on the Market Linkage Project -- its goals, services and activities. The MLP has received names and addresses for, and maintains a mailing list of, about 1,700 OSE product developers, whose products are at various stages of development.

The purpose of the initial MLP contact with developers is to offer early technical assistance on all aspects of product development -- from formatting to legal rights and clearances. However, various technical

assistance activities (to be discussed later) cannot be effective unless they reach the developer at an early stage. From discussions with product developers, publishers, and MLP staff, it is readily apparent that technical assistance is not reaching those who need it, when they need it.

Generally, the difficulty in making developers aware of available assistance stems from the fact that so many of the OSE products are, as stated in Chapter I, secondary outcomes of larger grants. This is why, in the past, the MLP staff's first contact with these product developers occurred only on receipt of the finished products from the OSE Marketing Director, or as a result of inviting all grantees or contractors to a technical assistance workshop, regardless of whether product development was anticipated. Because the MLP staff was not aware of the existence of these product developers, and vice versa, it was impossible to offer early assistance to them.

In the telephone survey of developers, five of the ten said they first learned of the MLP from their OSE project officer. Four learned about the Marketing Program from the MLP staff. One developer indicated that the initial contact came from three sources -- the OSE project officer, the MLP staff, and the OSE Marketing Director. However, most of the developers stated that the initial contact was made very late in the product development process.

Technical Assistance Activities

MLP technical assistance to product developers is intended to help ensure the commercial viability of products developed with OSE funds.

These activities fall into four major categories: regional technical assistance workshops; publications; liaison with commercial publishers; and, written and telephone communications.

Regional Technical Assistance Workshops: The primary purpose of these two-day workshops is to provide developers with instruction in developing products which will meet commercial publishing/producing standards. Developers also receive information on the OSE Marketing Program. The workshop agenda includes small-group and general sessions; specific topics addressed in the sessions are field testing and validation, legal considerations, technical print considerations, technical nonprint considerations, national needs assessment findings, and commercial marketing considerations. At the request of a developer, individual meetings between the developer and an MLP representative can be scheduled. These one-to-one conferences focus on specific project concerns and problems.

During the intial three-year contract period, the MLP, through Linc Resources, conducted a total of six regional workshops for product developers (an average of two per year). Travel and lodging expenses were paid out of the MLP contract funds for the approximately 40 developers who attended the first workshop. Over 250 product developers paid their own way to the other five MLP-sponsored workshops. There was no registration fee, and while OSE cannot require developers to attend the workshops, it does urge them to do so. Nevertheless, out of the 1,700 product developers on the MLP mailing list, only 17% attended these workshops.

One reason more developers didn't attend may be that, not knowing about the MLP or the assistance available, no funds were budgeted for conference attendance. Another explanation might be that developers were contacted too late in the product's development to use the information provided at the workshops. The comments of developers during the telephone survey indicated a lukewarm reception from those who did attend.

Seven of the ten developers contacted did attend a technical assistance workshop, and rated it overall between "good" and "fair". One developer described the conference as "poor", explaining "it may have been good for others; I had already decided to distribute".

Publications: Product developers automatically receive a variety of publications from the MLP, including:

1. "Toward Successful Distribution" - a publishing guide outlining considerations to be taken into account during development of a product to help ensure its commercial marketability;
2. "Linc Update" - a quarterly newsletter containing information on technical assistance workshops, the special education market, products issued on RFP, and products licensed; and
3. Brochures and flyers - describing the MLP, announcing technical assistance workshop dates, and reports on the special education market.

The major technical assistance publication, "Toward Successful Distribution", is, according to the MLP staff, valuable as a general overview of areas with which developers should be concerned. However, the staff feels more information and more detail is needed -- through individual pamphlets on each topic addressed in the guide.

Liaison with Commercial Publishers: Technical assistance workshop programs include a panel session during which publishers outline marketing factors which need to be considered during product development. During these presentations, developers are given the opportunity to ask questions of panel members, as well as to speak to publishers on an informal basis during session breaks.

If a developer requests formal liaison with a publisher during the product development process, a "Developmental RFP*" can be issued on the product. Designed to provide early publisher intervention, "Developmental RFPs" are announced in the RFP Alert and are awarded on a competitive basis.

Telephone and Written Communications: Product developers may contact MLP staff members by mail or telephone to discuss developmental and marketing considerations. In addition, if requested by a developer, the MLP will provide on-site technical assistance. Expenses incurred for on-site assistance are paid by the individual developer -- a major reason that this assistance is used infrequently.

Value of MLP's Technical Assistance Activities

Product developers, MLP staff, Marketing Task Force members, and publishers alike, all agreed that early technical assistance to product developers is an important area of need. Technical assistance can first help ensure that there is a need for the product; this is particularly important for those products which are secondary outcomes of larger projects and where the need is determined solely by the grantee. Technical assistance will also help ensure that economical replication for national distribution can occur; that quality technical production standards are used; and that appropriate legal rights and clearances are obtained.

According to MLP staff, the major areas where developers need assistance are: legal requirements; product characteristics relating to marketability; product scope (often products are too large, complex, over-engineered, or comprehensive); perception of the commercial marketplace and elements of product distribution. The staff believe that getting more information to more developers at an earlier stage (at or shortly after contract/grant award) would help solve these problems.

Although this view seems to be shared by all participants in the Program, the telephone interviews with product developers indicated that those who received technical assistance did so only after most of the product had been completed. Only two of the ten product developers interviewed received MLP technical assistance relating to product marketability during product development. Three developers said they received this assistance "after the fact" -- being contacted too late in the development stage to make changes affecting marketability. Five developers said they received no marketing assistance.

However, the majority of those interviewed said they did receive information from the MLP relating to royalties and licensing agreements and/or release and contract provisions.

Many developers felt that the MLP's technical assistance activities needed improvement. One developer felt strongly that "a green contractor should know about Linc much earlier"; another stated that "it doesn't work because Linc can't come to the site". And, more than one developer stated that legal requirements, royalties, and contract terms needed additional clarification. The Marketing Task Force members, while agreeing in large part that there has been an improvement in the overall quality of the

products, also indicated a continuing need for earlier technical assistance. And, the publishers distributing OSE products again emphasized this need, pointing to the general lack of sophistication in product format.

Summary of Findings

There is no question about the need for technical assistance or that provision of this service must be greatly improved. The problem appears to be two-fold: the timeliness of technical assistance and the caliber of assistance offered. The initial contact with developers often occurs too late to impact on the product, sometimes due to the fact that OSE project officers are not fully aware of the Marketing Program. In addition, MLP resources which can be used to assist developers, are, in some ways, insufficent. Neither the MLP nor the developers have sufficient funds to finance visits to the developer site. Site visits are important in order to permit marketing experts to actually view the product at an early developmental stage. As well, since developers tend to be unaware of the MLP and its services, they have no opportunity to budget for attendance at the workshops.

Beyond this, publications on marketing distribution furnished to developers by the MLP are too general to provide concrete assistance to the novice developer.

To deal with some of these problems, the MLP contract for the second three years of operation (awarded September 30, 1980) proposes that the staff, when requested by OSE, conduct abbreviated workshops in Washington, D.C., concurrent with the various OSE Divisions' project grantee meetings. The purpose of these workshops would be to increase the exposure of the technical assistance activities available to product developers. The contractor also proposed that the MLP staff would "attempt to identify newly

funded projects" without prior experience in product development to offer early technical assistance.

In the same vein, OSE has a contractor who is now compiling a list of all OSE grantees/contractors and contacting those organizations to determine whether products are to result from the projects. If so, the names of the grantees/contractors will be sent to the MLP staff for follow-up action.

It is anticipated that with earlier and better technical assistance, a greater number of OSE products can be successfully marketed at less expense.

At this time, it is difficult to determine if the content of the technical assistance needs improvement since, to date, it appears to have come too late in development to gauge the effect of timely assistance.

Finally, it is important to emphasize that the product developers interviewed were not very enthusiastic about their relationship with the MLP. While many aspects of the Marketing Program troubled them, of principal concern was their feeling that they were offered no alternative to the MLP system. Once involved in the system, most of the developers interviewed were not comfortable with relinquishing control of the product, in terms of both editorial changes and publisher selection.

In light of recent revisions in copyright regulations (discussed further in Chapter IV) which will give developers sole ownership, and therefore, control of their products, the MLP will have to scrutinize carefully its relationship with product developers to ensure that not only are they being effectively served by the Marketing Program but that they realize it.

Recommendations

Technical assistance activities need to be greatly expanded. The following activities are recommended:

1. Promote awareness of the MLP by training OSE project officers about its services.

2. Notify grantees/contractors earlier about the existence of the MLP -- perhaps through a description of the Marketing Program in all OSE RFPs and grant announcements.

3. All OSE grantees and contractors (regardless of the purpose of the award) should be given information, prepared by the MLP, on product specifications at the time of the award. Developers should be required to submit their own product specifications to their project officers as soon as product development is contemplated. These should be forwarded to the MLP, and the MLP staff should contact the developer immediately.

4. The MLP should initiate earlier contact with all OSE grantees/contractors to determine if the project will result in product development.

5. The MLP should provide earlier technical assistance to product developers, including on-site visits to the project.

6. OSE should allocate funds to the MLP for these on-site visits and to product developers to attend technical assistance workshops.

7. The MLP technical assistance booklet, "Toward Successful Distribution", needs to be expanded to provide developers with more detail about marketing considerations.

8. A glossary of technical terms for product developers should be prepared by the MLP.

9. The MLP should prepare a bibliography of technical reference books for use by developers.

10. The MLP should prepare a list of national and regional print, laboratory, and sound studio experts with whom developers could work.

11. The MLP should compile from publishers, and send to product developers, data on pre-production procedures to better inform developers of marketing considerations involved in product dissemination. Such data should include: manuscript evaluation forms; manufacturing spec sheets; sample marketing plan outlines; sample contract forms and clauses; race/sex bias guidelines; a digest of copyright law and procedures; talent release and work-for-hire forms; and author relation forms.

12. The Marketing Program contractor should improve promotion of the MLP to product developers to convince them that participation is to their benefit.

Chapter III

MLP PRODUCT INTAKE, REVIEW AND DISSEMINATION RECOMMENDATIONS

Transmission of Products to the MLP

The MLP "product dissemination" process begins when project officers submit products to the OSE Marketing Director for transmission to the MLP. Project officers, charged with the responsibility of "weeding out" products which are unsatisfactory programmatically, evaluate products for content without regard for marketability considerations. The OSE Marketing Director has the authority to "weed out" products which, in his opinion, are not commercially viable. In practice, however, the Marketing Director generally sends all products recommended by project officers to the MLP for review by the Marketing Task Force.

During the first three years of the Program, some products were overlooked because developers did not submit them to project officers and in some cases, tried to disseminate products on their own. If those developers applied for copyright, the Education Department Copyright Officer flagged the product and notified the OSE Marketing Director, who in turn contacted the developer so that the product could be entered into the system.

Developers are not permitted to contact the MLP directly about entering products into the system. All products must be channeled through the OSE Marketing Director, who determines not only which products are sent to the MLP, but when.

The MLP is set up to process an average of 25 products per Marketing Task Force meeting. The contract with Linc Resources calls for the handling of 100 products per year; if more are available, they are processed if possible. The number of products* sent to MLP each quarter depends, in part,

on the complexity of the components* of each product and whether they are print or nonprint. If there are too many products submitted to the OSE Marketing Director in one quarter, he may choose to hold some until the next quarter. Products are due at the MLP one month before each Marketing Task Force meeting; if there is a backlog, products are submitted to the MLP in the order they are received by the OSE Marketing Director. Generally, the MLP has been able to process all products that have been submitted to it in each quarter.

Product Intake

As products are received from OSE, MLP staff members at Linc Resources perform the following intake tasks:

1) the product is logged in and assigned an accession number;
2) the product developer's name, institution, and address are identified, verified, and recorded;
3) product components received from OSE are identified and listed; and
4) the product developer is called to note receipt of the product and to obtain information regarding completeness of the product. (As will be discussed in more detail in Chapter IV, publishers have expressed dissatisfaction with product "incompleteness.")

During the initial three-year contract period, MLP staff completed the intake process for 210 products with a total of 1,875 components. In the first year of the contract, intake tasks were performed for 47 products with 612 components; in the second and third years, these activities were completed for 95 products with 621 components and 68 products with 642 components, respectively.

Product Intake

Contract Year	1	2	3	Total
Products	47	95	68	210
Components	612	621	642	1,875

Preparation of Product Profile

After intake tasks for a given product are complete, MLP staff begin preparation of a written profile. Information included in the product profile package is assembled from four sources: MLP staff's review of the product; detailed information from telephone conversations between the product developer and MLP staff; competitive product searches perfonned by the MLP Market Information Specialist; and, a review of the product by the MLP Technical Consultant. The product profile package contains five major sections for print-only products and six for products which have nonprint components.

Section I: Product Description

The first section, "Product Description", details information on the product's purpose, format, target audience(s), curriculum area, reading level, representations/stereotyping, and supplementary materials needed (if any), as well as a written description of the product. This section is prepared by MLP staff using information supplied by the product developer during telephone conversations, in conjunction with the MLP Managing Editor's review of the actual product. The outcome of this evaluation is a critical consideration in the decision to publish and distribute a particular product. Publishers do not have the luxury of spending a great deal of time reviewing the product, and therefore depend upon the MLP staff's technical and editorial evaluation of products. The accuracy and clarity of these evaluations impact greatly on the confidence of publishers in the Market Linkage Project.

This first section also includes information relating to the editorial appraisal of all products and product components, performed or supervised by the MLP Managing Editor. Standard editorial analysis procedures are utilized; these include an evaluation of the currency and relevancy of the product's content to the consumer. Among the questions used in the MLP "standard editorial analysis" are:

"1. Have all talent releases been secured and do they appear to be appropriate? If not, what would be involved in securing new talent releases?

2. Have permissions been granted to use any copyrighted works?

3. Are minority groups, men and women, and handicapped persons represented appropriately in all media?

4. What is the developer's justification for the media chosen and can any given component content be presented in a different medium?

5. How do product components work together (especially if this is not clear in introductory material)?

6. Does the print material need extensive editorial work?

7. Does the product make sense and if not, why not and/or how could it be made to make sense?

8. What sort of field testing was done and/or how has the product been used and what, then, can be inferred about the potential?

9. If necessary, can the material be condensed, repackaged, expanded?"

Section 2: Product Components

The section entitled "Product Components" gives the size, format, length, and location of masters of all product components. Components are shown in four different categories: print; nonprint; games, cards, realia; supplementary information. Data shown in this section results from the MLP staff's review of the product and conversations with the developer.

Section 3: Product History

The section on "Product History" contains background on development of the product including: developer's name; product completion date, with an area for comments; developer's justification for need; field test/developer use information; number of copies distributed by developer. All data shown in this section is provided by the developer, either during telephone conversations with the MLP staff or in written form.

Section 4: Market Information

The "Market Information" section shows data on: prospective buyers; market perspective; competitive products. Using information provided by the product developer as a starting point, MLP staff perform research activities relating to the potential market(s) for the product. After considering the variety of ways in which a product could be used, the Market Information Specialist performs a competitive product search which includes: computer runs, using commercial and noncommercial data bases; personal contacts in trade/professional groups; and review of catalogs and reference materials. While several variables are used in determining the existence of competitive products, three key factors considered in every search are the product's content, medium, and audience.

Section 5: Legal Considerations

Products developed with Federal funds must be cleared by the appropriate government offices. Audiovisual materials must be cleared by the U.S. Department of Education's (ED) Audiovisual Clearance Officer and the ED's Office of Public Affairs before development of the product may begin. Manuscripts which are written for publication by the Government Printing Office also must be cleared through the ED's Office of Public Affairs. Additionally,

clearance may be required when the same questionnaire is used with ten or more people; this requirement affects field testing of a product. The Office of Management and Budget (OMB) is responsible for this clearance. In addition, materials developed with Federal funds must carry a disclaimer stating that the work was produced under grant/contract with the appropriate agency and that the content does not necessarily reflect the position or policy of that agency.

The fifth section, "Legal Considerations", provides information relating to: notice on materials, copyright authorization/developer claim of proprietary rights; status of clearances/permissions for script, Office of Public Affairs audiovisual clearance, talent releases, use of music, data acquisition for field testing, and print permissions.

MLP staff review all products sent to them by OSE to ascertain whether the appropriate legal clearances, permissions, and releases have been obtained. This review is performed by the Managing Editor and/or the Legal Specialist. The review may include an examination of the original grant or contract, field test and/or validation data, the product itself, and any other pertinent information. When necessary, the Legal Specialist documents any legal problems and outlines steps necessary to resolve them. When legal compliance problems surface, MLP staff notify the developer through letters and telephone calls. Staff and the developer then work together to resolve the problems.

The length of time required to ensure legal compliance varies from product to product. In some cases, compliance is established prior to the award of distribution licenses. In a few instances, licenses have been awarded before the legal process is complete, and publishers have indicated some consternation about this. (See Chapter IV for more detail.)

Section 6: Technical Information

The final section, "Technical Information", reports on the technical quality of nonprint products; this section is not used for print-only products. All nonprint products/product components are reviewed by the MLP Technical Consultant, who evaluates characteristics such as color, sharpness of image, audio signal level, and background noise level. Information contained in this section is based on the consultant's written report which discusses the technical quality of the product, and outlines any specific problems.

The length of time required to complete assembly of the product profile information varies with the complexity of the product and the number of components. MLP staff report that it takes an average of 12 hours to complete a product profile, and that "this reflects time spent with each product, not time spent gathering market information".

According to MLP staff, profile packages for 210 products with a total of 1,875 components were completed during the initial three-year contract period. Annually, this represents:

Contract Year	1	2	3
Products	47	95	68
Components	612	621	642

Once the product profile is completed, the product is ready for review by the Marketing Task Force.

Marketing Task Force Activities

The Marketing Task Force (MTF) provides assistance to the MLP staff in determining appropriate marketing strategies for products developed with OSE funds. Specifically, the Task Force is responsible for evaluating the

commercial marketability potential of each product received by the MLP from OSE. In cases where the Task Force concludes that a product is not suitable for commercial distribution, it is also responsible for recommending alternate distribution channels. Options include: "Special or Targeted Announcements" to publishers and/or organizations with special ties to, or expertise in, a specialized market segment; the National Audiovisual Center; the Government Printing Office; the Handicapped Learner Materials Distribution Center; the Educational Resources Information Center; and any other suggestions which a Task Force member may wish to offer.

The MTF is composed of twelve voting members (including special educators, publishers, producers, distributors, and marketing consultants) and two non-voting members (the OSE Marketing Director and the MLP Director). In addition to contributing knowledge about their specific areas of expertise, six Task Force members serve as official representatives from the following trade and professional associations: American Federation of Teachers, Association of American Publishers, Association of Media Producers, Association of University Presses, National Audio-Visual Association, and National Education Association.

Voting members are selected by the MLP and approved by OSE; members are appointed for two-year terms and may be reappointed. Formal performance evaluations of MTF members are not conducted because the MLP Director feels this "would destroy the functioning of the Task Force". "Incompetent members", however, can be requested to resign by the Project Director and the MLP has established a rule that members missing two meetings are automatically removed from the Task Force. Two members were removed from the MTF during the initial three-year contract.

The Marketing Task Force meets four times each year in Columbus, Ohio. Approximately one week before the meeting, MTF members receive product profiles from MLP staff on those products scheduled for review and evaluation. When they arrive in Columbus, Task Force members receive any additional product information not available for inclusion in the original product profiles.

During the meeting, members individually review product profiles in conjunction with examining the actual products, including screenings of non-print components. Task Force members report that they use a variety of criteria in their individual evaluations of product; individual members most frequently cited content and technical quality as the most important to them. Also mentioned by Task Force members, although less often, were market size, existence of competitive products, expense of replication, and available field testing results.

Following the individual evaluation process, the Marketing Task Force as a group discusses each product and each MTF member completes an evaluation sheet on each product. The evaluation sheet (prepared by MLP staff) lists questions designed to assist Task Force members in assessing the product's commercial marketability; the questions are also used as a form of technical assistance to product developers and to OSE. Specific areas considered are: objectives, audience suitability, educational design, market demand, format, production quality, and publisher economics.

Based on their individual evaluations and the group discussion, each Task Force member recommends one of three options for each product: 1) Issue an RFP; 2) Refer to Linc; 3) Return to OSE. When a Task Force member decides that the product is commercially viable on a national basis, he/she checks the "Issue an RFP" option. The Task Force member votes for the "Refer to Linc"

option when he/she believes the product is marketable, but not on a national basis, and could best be distributed through a small or specialized commercial company or a nonprofit organization. When selecting this option, Task Force members are encouraged to suggest specific alternate dissemination channels for the product. The "Return to OSE" option is chosen by a Task Force member when, in his/her opinion, the product is not marketable.

A majority vote by the full Task Force determines the initial marketing strategy employed by the MLP. Task Force members report that in the case of a tie, the most comprehensive strategy is first pursued; i.e., a tie between "Issue an RFP" and "Refer to Linc" would mean that the MLP would issue an RFP on the product.

During individual interviews, many MTF members stated that the editorial and technical quality of products has improved during the first three years. They also said that developers are paying more attention to the marketability of their products; i.e., regional dialects in videotapes have almost disappeared and sexism in all products has been reduced. In each case, Task Force members reported that these improvements are a result of the MLP-sponsored technical assistance workshops. (It must be noted, however, that these are subjective assessments by MTF members and that no formal data is available to measure any product improvement or any relationship to the MLP workshops.)

Following each Task Force meeting, MLP staff prepare a written report for OSE which details Task Force recommendations for, and comments on, each product. In cases where a product is judged not to be commercially viable, Task Force comments are also sent to the product developer as a form of technical assistance. Task Force comments on products recommended for

distribution are summarized as part of the market perspective in the RFP announcements for potential publishers.

Following the Task Force meeting, MLP staff refine previously obtained data by integrating MTF comments on products. MTF findings may necessitate additional research by MLP staff in the following areas: target population; reading level; adaptability of product to existing curricula; commercial market distribution potential; need for ancillary materials; and assessment of curricular relevance and/or usage validation. MLP staff do not attempt to provide publishers with the anticipated market life of products nor do they estimate the publishers' costs of revising, reproducing, and distributing products. Individual Task Force members said they believe that publishers should make their own assessments regarding these factors.

Three Year Product Tally

During the initial three-year contract period (covering FY 1978-80), the MLP received 210 products with 1,875 components. Of these, the Marketing Task Force reviewed 186 products. MTF recommendations resulted in 127 products being issued on RFP; the other 59 products were referred to MLP staff for exploration of alternate distribution channels. Broken down annually, 21 products were announced to publishers in contract year one; 45 in the second year; and 61 products were put up for bid in the third year of the contract.

Following is an annual comparison of the number of products transmitted to the MLP (A), the number of products for which the MLP prepared product profile information (B), the number of products presented to the MTF for review (C), and the number of products recommended by the MTF for announcement to publishers (D).

	Contract Year			
	1	2	3	Total
A	47	95	68	210
B	47	95	68	210
C	42	66	78[1/]	186
D	21	45	61	127

MLP staff report that the 24-product difference between the number of products for which profiles were prepared (B) and those submitted to the MTF (C) is due to:

1) Fourteen products were "sole-sourced"; and

2) Ten products were not marketable because they were incomplete and were returned either to OSE or to the developer.

After products are reviewed and approved for distribution by the Marketing Task Force, the next step in the MLP process is solicitation of bids from publishers. Bid and licensing procedures are examined in Chapter IV.

Summary of Findings

This part of the MLP product dissemination process appears to function well. Standard procedures are used by MLP staff in performing product intake tasks and gathering information for inclusion in product profile packages. Marketing Task Force members report that, in general, they are satisfied with the quality and quantity of data provided in product profiles.

Without exception, MTF members feel that, as a group, the Task Force possesses the knowledge necessary to adequately judge the commercial viability of products submitted to them for review. MLP staff members also express

1/ Ten products received by the MLP from OSE in Contract Year 2 were presented to the MTF for review in Contract Year 3.

the opinion that the Marketing Task Force performs this function well. These views were confirmed through the authors' personal observation of a two-day Task Force meeting.

According to publishers, however, some of the products which the MTF approves for announcement and commercial licensing are still in the developmental stages or have not met necessary legal clearances. Although this breakdown in the MLP system originates here, it will be examined in detail in Chapter IV where the full impact on publishers becomes readily apparent.

Recommendations

1. Incomplete products should not be put up for bid. (See Chapters IV and V for more detail.)

2. All products should have the necessary legal clearances before they are announced to publishers. (See Chapters IV and V for more detail.)

Chapter IV

MLP Publisher Liaison and Product Licensing

The effectiveness of the Market Linkage Project for Special Education (MLP) depends, in large measure, on securing maximum participation by commercial publishers in the Program. MLP publisher outreach activities take a variety of forms. These include: mailings to the commercial publishing sector; telephone and letter communications with publishers; formal liaison with the three major trade associations for the commercial educational publishing community; and MLP staff attendance at industry meetings and conventions.

MLP Publisher Mailings

The MLP maintains a basic publisher mailing list of approximately 550 people from 450 educational publishing companies. In addition, it maintains lists of about 200 specialized publishers (such as test publishers). Names are obtained from a variety of sources, including the Publishers Source Directory, trade association membership directories, and other reference directories. The list is updated continually and includes not only special education, but other specialized, publishers. One method used to update the mailing list is a "checkoff" system on the RFP Alerts -- as publishers receive these, they can indicate whether they want to continue receiving MLP mailings.

The official contact person is designated by each organization. (Some organizations have more than one person on the mailing lists; this is up to the publisher.) Generally, those individuals receiving mailings are product development personnel; however, marketing personnel are also sometimes designated as contacts.

According to MLP staff, publishers receive almost all MLP mailings. These include the quarterly RFP Alerts (announcements of products available for bid), the Linc Update (Linc's newsletter), Marketing Task Force brochures, general press releases, and reports on the special education market. Including the four RFP Alerts, publishers on the MLP mailing lists receive an average of eight standard communications from Linc annually.

Other Publisher Outreach Activities

The MLP maintains formal liaison with the three major trade associations for the commercial publishing sector — Association of American Publishers (AAP), Association of Media Producers (AMP), and National Audio-Visual Association (NAVA). In addition to ensuring that these organizations are represented on the Marketing Task Force, MLP staff regularly communicate with AAP, AMP, and NAVA on Project activities of interest to their memberships. All three organizations actively support the MLP and its activities. Each has, on separate occasions, stated that the association is committed to the concept, goal and activities of the OSE Marketing Program. MLP staff have also attended AAP, AMP, and NAVA meetings and conventions to make presentations on the Market Linkage Project.

Additionally, in an effort to increase publisher and developer awareness about the unique characteristics and needs of the special education market, the MLP has published a booklet entitled "Special Education Market Report". The booklet, released in August of 1978, reports on the special education market and its relationship to the general education market.

Procedures for Entering OSE Products into Commercial Distribution

Once OSE products have been approved for commercial distribution by the Marketing Task Force (MTF) and product profile information has been refined

and expanded by MLP staff, the products are ready for entry into commercial distribution. Project activity at this point focuses on solicitation of bids for distribution of products; selection of appropriate publishers; and negotiation of licenses*.

Announcements of Products

The first step in entering OSE products into commercial distribution is the release of an RFP Alert to commercial publishers, within three weeks of the MTF meetings. The RFP Alert is a bound volume which contains individual RFPs on each product, along with a sample proposal form, and information on product review opportunities, including the date of the publishers conference scheduled at MLP headquarters, and the due date for publishers' proposals. Each RFP consists of an abstract page (stating product title, developing institution, format, purpose, audience, and market perspective) and a written description of the product, along with a photograph (if available). Only that data which the Task Force confirms during its review of the product is included in the RFP. The marketing perspective section reports Task Force recommendations and comments on the product. Each RFP Alert contains about twenty product descriptions and can be sent to as many as approximately 750 individuals in 650 publishing houses.

Publishers attending the OSE Publishers Conference raised several questions about MLP mailing lists: some organizations feel they are only contacted when Special Announcements are issued; many stated that they receive RFPs on a sporadic or intermittent basis; and there is general concern about how organizations can be sure they are receiving all the RFP Alerts.

When a publisher has been involved in development of a product funded by OSE, through winning a "Developmental RFP", the publisher is given advance

notification that the product is coming up for bid. This publisher has "first refusal rights" to distribute the product since the publisher has already invested resources in the development of the product.

The "Developmental RFP" process is unclear to publishers. All, however, feel that earlier consultation between developers and publishers would eliminate many format problems which have been present in products licensed to date.

Publishers stated that they feel MLP information contained in RFP product descriptions on general market size and composition is inaccurate (inflated), too general, or insufficient. For example, an RFP describing a product whose target audience is vocational educators did not include, but should have, the estimated number of vocational education teachers. An RFP for a product designed for school psychologists should have included an estimate of the number of these professionals. In addition, several commented that the "market perspective" provided in the RFP is often more editorial commentary than hard market data, perhaps caused by over-enthusiasm for the product. And, one publisher noted that although an OSE-funded market study had been performed for a series of films made available for license which concluded that the market was thin, neither the study nor the conclusion was mentioned in the product description.

Publisher Review of Product

Prior to acquiring products for distribution, commercial publishers must carefully assess the financial risks of adding a particular product to their existing product line. An important part of this evaluation is an editorial analysis and technical appraisal of the product itself.

Several options for reviewing products are available to publishers: the Publishers Conference; visiting MLP headquarters during normal business

hours; requesting product loans and/or print product excerpt loans; or scheduling of a "Publishers Conference Alternative".

- Publishers Conference - A Publishers, or Bidders, Conference is held in Columbus, Ohio, approximately 3 weeks after the RFP Alert is mailed. At this meeting, publishers can view all products available for bid; hear product presentations by, and talk with, developers; and receive expanded profile information on products from MLP staff members.
- Review of Product at Headquarters - Products are available for inspection in the MLP offices during normal business hours any time after the scheduled Publishers Conference and before the bid close date. During inspection, publishers may also review information presented at the Publishers Conference.
- Requests for Product Loans - Publishers may request, on loan, an entire copy of the product. Product loans are granted on a first-come, first-served basis. Fulfillment of requests begins after the scheduled Publishers Conference. Prior to product shipment, MLP staff contact the publisher to arrange arrival and return dates for the product. Publishers generally are requested to return products within three days of receipt. Excerpts from print materials are sent to publishers who must wait to preview entire products (it is impractical to send excerpts from film and other media products).
- Publishers Conference Alternative - When publishers cannot attend the scheduled Publishers Conference in Columbus, they may request that the MLP conduct an alternate conference at a time and location convenient for the publisher. If possible, these requests are

accommodated; if the conference cannot be scheduled, product excerpts and/or product loans are sent to the publisher.

Over the term of the contract, MLP staff report a shift away from attendance at the scheduled Publishers Conferences to requests for print product excerpts and product loans, as well as visits to MLP offices. All publisher requests for product loans and excerpts during the contract period were filled. Publisher requests for alternate conferences also increased and two were held, but due to cost considerations, this does not appear to be a viable alternative. Publishers are unanimous in wanting to see product samples before bidding, but feel that attendance at bidders conferences is often not feasible because of cost and unavailability of appropriate company personnel.

Solicitation of Bids

After reviewing products available for acquisition, publishers interested in distributing OSE products prepare written proposals which they submit to MLP headquarters.

Ten copies of each proposal to distribute a product must be postmarked by midnight of the date established by the MLP; this deadline is approximately five weeks after the date of the Publishers Conference. Publishers may bid on more than one product by submitting individual proposals for each. Publisher responses to RFPs are confidential and proprietary to the MLP contractor.

About 50 different companies (of the 650 organizations on MLP mailing lists) bid on at least one of the 130 products[2/] announced during the initial

2/ Although 127 products were approved for RFPs by the MTF, additional products were put up for bid. These three arrived at MLP headquarters too late for MTF review, and the MLP staff and OSE Marketing Director agreed they were commercially viable.

three-year contract period. MLP staff report receiving approximately 10 proposals per RFP Alert. The average number of bids received for each product varies according to the format. For films, approximately 8 to 10 bids were received; for multimedia kits, the average was 3 or 4 and, for print materials, 1 or 2. There is no means by which to determine if this is an acceptable response rate; a response rate evaluation should be feasible at the completion of the second MLP contract period when historical comparisons of Program activities can be made.

An important improvement desired by publishers is an increase in the amount of time between receipt of RFP Alerts and deadlines for submission of bids. With the number of copies of products currently available for the MLP to send to potential bidders, publishers state that the current time span is not adequate. An alternative suggested by several publishers is to require developers to supply the MLP with more copies of the product.

Evaluation of Bids/Selection of Distributors

Review and evaluation of publisher responses are performed by the MLP Director and Legal Specialist (the only staff members with access to proposals), and by an RFP Review Panel. MLP staff review all proposals and gather information, including financial and other pertinent data, on the bidding organization from a variety of sources. MLP staff then prepare an analysis of each proposal for use by the RFP Review Panel.

The RFP Review Panel is composed of nine voting members; the MLP Project Director serves as recording secretary of this group, but is not a member of the Panel. The Panel consists of individuals described as product development experts, educational marketers, special educators, business and finance experts and school administrators. (There is no overlap of membership

between the MTF and the RFP Review Panel.) The Review Panel meets four times each year at MLP offices in Columbus, Ohio. Staff analyses of publisher proposals and copies of each proposal are mailed to Panel members about one week prior to these scheduled meetings.

Like the MTF review procedures, RFP Review Panel members first evaluate proposals on an individual basis, and then meet as a group to discuss the bids and recommend license award to one distributor. Each proposal is analyzed using the following evaluation criteria: evidence of company capabilities (markets served, facilities available); product line continuity; marketing plan; advertising and promotion plan; sales and distribution plan; financial commitment to product; publication commitment; time frame for publication; proposed format of final product; and, product pricing information.

If additional information on a publisher's bid to distribute a product is required by the Panel before making an award recommendation, staff send the involved publisher(s) a letter requesting clarification/expansion of the appropriate section(s) of the proposal(s). Publisher response(s) to the letter are mailed to Panel members and a special Review Panel meeting is held as soon as possible.

Product developers have no formalized role in the publisher selection process. There are two major reasons: first, the system is designed to prevent any "sweetheart" deals between developers and distributors; secondly, publisher responses to RFPs contain confidential, proprietary information. (Under the second MLP contract the staff will request each product developer to write a paper detailing his/her concerns, if any, regarding publisher selection before a product is put up for bid. The RFP Review Panel will

receive this paper as part of the review package. Product developer concerns, however, will be of secondary consideration to other marketing criteria.)

Following each Panel meeting, the MLP staff report RFP Review Panel recommendations to the U.S. Department of Education for approval and authorization to proceed with negotiation of product distribution licenses.

License Negotiations with Selected Distributors/Publishers

After approval by the Department of Education, MLP staff begin license negotiations with publishers for distribution of OSE-funded products. According to Linc Resources, "The primary objective of Linc in negotiating the distribution license is the effective distribution of the product within the audience of educators and/or learners intended by BEH (sic) and the product developer. Linc works to ensure that information about the availability, usefulness, and applicability of the product will be disseminated adequately and effectively. Linc negotiates appropriate and specific license clauses required to assure successful publication. Linc reserves, on behalf of BEH (sic) and the developer, the right to review, and if necessary, to reject any change in or revision of the product prior to production in order to assure maintenance of the product's educational value for its intended audience."

General License & Royalty Provisions

Publishers of OSE products are almost evenly divided in their opinions about MLP administrative and financial reporting requirements (see Appendix A, Chart #1A; Figure #1A). Thirteen of the 27 organizations (distributing a total of 54 products) addressing this subject feel that requirements conform to their own procedures. Of the 14 organizations (distributing 24

products) which feel they do not conform, one describes the impact of different reporting as negligible; five feel the impact is moderate; seven feel the requirements are cumbersome; and one describes them as prohibitive (Chart #1B; Figure #1B).

Royalty provisions are generally acceptable to publishers, because there is some flexibility and specific provisions can be negotiated.

Royalty rates for OSE products licensed during the first three years of the Marketing Program ranged from 0% to 20% (Chart #2; Figure #2). Royalties are not required when distribution rights are not exclusive or when the potential market is so thin as to warrant special incentives for the distributor. Of 50 products for which this information was reported, seven (14%) are distributed by nonprofit organizations which pay no royalty. (Some or all of these products may be those for whom the developer is licensed to act as publisher.) Eight products (16%) have royalty rates of between 1% and 5%; 11 (22%) have rates of from 6% through 9%; thirteen (26%) have a rate of 10%; seven (14%) have rates of 18% or 20%; and four products (8%) have escalating rates which differ according to media format and/or number of units sold or dollars earned.

The majority of royalty rates for print products are set at under 10%: 74% are in the 0-9% range, while 26% are between 10% and 20%. In contrast only 13% of the film/video products have rates of between 0-9%; the remaining 87% range from 10-20%. Products in the "other" category are almost evenly divided; 60% are in the range of 0-9%; while 40% have rates of between 10% and 20%.

All ten product developers interviewed currently receive, or will be receiving, royalty payments for MLP products. Several developers commented

that payments are late. Most developers know the exact royalty rate (which varies widely) while others state that they are not sure of, or don't know, the rate. Generally, product developers report that product royalties are shared with the Federal Government with the formula split apparently set on a case-by-case basis, with 75% to the Government and 25% to the developers the most common approach. Of the eight developers who had an opinion, most feel the royalty was "too little". One developer stated that the royalty is "too high" explaining that there should be no royalty in order to lower the price of the product.

Legal Requirements

Legal clearances and rights will continue to play an essential role in the success of the Program.

Product developers indicated some problems with the legal requirements. When asked to describe these requirements (including licensing and releases) as being "adequate", "cumbersome", or "unlivable", five of nine responding developers chose "adequate". Three of the remaining four developers call the legal requirements "unlivable", with reasons ranging from copyright assignment to royalty amount and share.

Publishers will continue to require exclusive distribution agreements and assurances that talent releases and legal clearances have been obtained, so that product licensing is not delayed or nullified. Earlier knowledge of the issues to be dealt with and more technical assistance from the MLP can do much to resolve these problems.

Copyright Provisions

Copyright is of paramount importance to all publishers, including educational publishers. Entering products into the commercial marketplace

involves a certain amount of risk, and most publishers require exclusive rights to the product in order to protect their investments. However, the rights to exclusive distribution must work to the mutual satisfaction of all parties if the Marketing Program is to achieve maximum effectiveness.

All products licensed during the first three years of the Marketing Program are licensed in accordance with the former USOE/ED copyright guidelines in effect at that time. Under those guidelines, copyright was usually authorized for 7 years (the licenses awarded for MLP products in the first contract period are all for 7-year terms). This limitation is seen as a disadvantage by publishers, since the term is shorter than the average publishing cycle.

Under former USOE/ED guidelines, the Office of Education was permitted to assign copyright to whomever was deemed most appropriate. In the case of the OSE Marketing Program, copyright for OSE products was generally assigned to Linc Resources as the MLP contractor. In a few cases, product copyrights are retained by state and local governments. For these products, MLP acts as an agent but does not hold copyright. In other Education Department programs, the copyright is most often assigned to the grantee/contractor.

According to the Education Department, under the old copyright guidelines there were about 100 to 200 requests per year for copyright authorization of products developed through OSE funds. Since the MLP began, OSE products have accounted for almost 50% of the copyright authorizations granted by all Education Department programs.

On April 3, 1980, new copyright guidelines, contained in the Education Department General and Administrative Regulations (EDGAR*), went into effect. These provisions allow grantees to retain the rights to their products.

All products developed after the effective date of EDGAR are governed by those regulations, with products resulting from continuation grants decided on a case-by-case basis.

With developers holding copyright on post-EDGAR products, the ability of the Education Department to require developers to market products through the MLP is severely hampered. The Department is exploring the possibility of requiring, as a provision of the grant or contract agreement, approval of any copyright action the grantee may take. In this instance, the Department could, if it deemed appropriate, assign copyright to the MLP.

Should this type of policy not be implemented by the Department, the MLP will have to convince OSE grantees and contractors that it is in their best interests to assign the MLP exclusive distribution rights for their products. The MLP should be able to negotiate directly with grantees and contractors (as it has done in the past with LEAs and SEAs) by showing them that they are more likely to successfully market their products through the MLP than by attempting dissemination themselves. It is possible that royalties to the developers can be increased in order to provide a greater incentive to use the MLP.

Three-Year Tally and Description of Licensed Products

During the initial three-year MLP contract period, 130 products were issued on RFP. Of those 130 products, 70 were licensed for distribution by commercial publishers. (See Appendix B.) Licenses for an additional 17 products were in negotiation at the close of the first contract period.

The 70 product licenses cover 633 components which were in a variety of formats. MLP breakdowns show that 33% of the components were books or pamphlets; 3% were film; 1% were slide sets; 10% were filmstrips; 33% were

audiotapes; 14% were videotapes; 1% transparencies; 1% card sets; 3% were games; and 1% were other formats. (Some of the components' formats were subsequently changed by distributors.)

Component Format	Number	Percent
Books or Pamphlets	213	33.7%
Films	22	3.5
Videotapes/Cassettes	88	13.9
Slide Sets	7	1.1
Filmstrips	65	10.3
Audio Tapes	209	33.0
Transparency Sets	7	1.1
Card Sets	11	1.7
Games	2	0.3
Other	9	1.4
Total	633	100.0%

MLP staff cite several reasons why the remaining products which were announced were not licensed:

1. appropriate publishers were not notified of product availability;
2. publishers weren't interested in the products;
3. legal problems;
4. not enough time for publishers to consider products;
5. some publishers don't like to compete for products.

A large percentage of the products licensed for commercial distribution are teacher-use rather than student-use materials. About 61% of the products are designed for teachers and others who work with handicapped children; 36% are designed for handicapped learners themselves; and 3% can be defined best as "general use" materials -- those which provide general information about handicapped people and can be used with handicapped or non-handicapped audiences.

Summary of Findings

Publishers have voiced concern about the MLP publisher mailing list and there is some evidence to indicate that the mailing list needs to be expanded. Some publishers report receiving RFPs sporadically and still others indicate they never received an RFP at all, being contacted instead after no other publisher bid on a product during competition. In addition, several publishers who are not distributing OSE products have indicated that they have never heard of the MLP but are interested in entering the special education market. To date, there has been relatively little involvement of general education publishers in the OSE Marketing Program.

Market data supplied to publishers is another area in need of attention. Publishers often feel that the "market perspective" contained in the RFPs is less market information and more editorial comment. Judging from comments received at the Publishers Conference, publishers often find that the MLP's market-size statistics, when presented, are inflated or, for various other reasons, inaccurate. Frequently, the market perspective is only a re-cap of the Marketing Task Force's comments and, while these comments are an essential ingredient of a market analysis, more hard data is needed to assist publishers in assessing the size and other characteristics of the target population.

Another problem frequently cited by publishers is insufficient time to preview and bid on products available for licensing. MLP staff have recently announced, however, that the bid period is being lengthened. At this time, there do not appear to be sufficient funds to secure extra copies of products to allow more distributors to preview them.

The lack of multiple copies of products creates yet another problem in terms of alternative dissemination strategies. One alternative dissemination route is the National Audiovisual Center (NAC), which requires 25 copies for its inventory before it will agree to distribute the product. Without funds to reproduce the products, the option of using NAC as an alternative dissemination route appears to be cut off. It should be added that alternative dissemination routes have not yet been fully developed by the MLP.

A further concern relates to the MLP definition of a product: the complete title, program, or series for which a single license is negotiated between the MLP and a publisher. Under the MLP definition, a single product could contain one component (one film, or one book, etc.). At the same time, another single product will contain multiple components (several films, or a combination of books and videotapes, or any combination of media formats).

However, in several cases, a licensed publisher has either 1) combined products covered by two or more licenses and distributes them as one product; or 2) broken components out of a single license to distribute them as two or more separate products. In both situations, the outcome is confusion, particularly in the tracking of the number of products moving through the Marketing System and in follow-up and monitoring of products.

Recommendations

1. MLP mailing lists must be improved, both by adding more non-special education publishers (to encourage their participation) and by developing a means to ensure that those on the list systematically receive RFP announcements.

2. More and better market data should be provided to publishers; the "market perspective" contained in the RFP Alert is not adequate. When available, hard data on market size should be provided.

3. Products should not be available for bid until they are completed -- unless they are awarded under a developmental RFP. Additionally, all legal requirements should be met before a product is submitted for bid.

4. The length of time permitted for response to RFPs should be increased (to 3 months) to permit distributors more time to preview the products and prepare their proposals. Additional funds should be made available to permit reproduction of additional copies of products so they can be made available to bidders in more complete form and for longer time periods. Additional copies are also needed for submission to the National Audio-visual Center for this to be an alternative dissemination route for products.

5. The MLP "license-based" definition of a product should be examined to determine whether it can be refined to eliminate reporting and tracking difficulties.

Chapter V

PUBLISHER MODIFICATION AND DISTRIBUTION OF OSE PRODUCTS

Once a product is licensed for distribution, a publisher may perform editorial revisions or format modifications before it is manufactured, packaged and distributed.

According to responses obtained at the March, 1980 publishers conference and/or in subsequent telephone interviews, the organizations licensed by the MLP in the first three years felt that the products delivered to them were of good "general" quality.

Editorial/Format Revisions

Relatively few editorial changes were required for OSE products, according to their publishers, but there were significant problems with the original format, or medium. Several publishers indicated that some formats (e.g. 3-ring binder print products, etc.) were too expensive to replicate for national, large-scale distribution. Esthetic alterations were also needed. Additionally, some products were over-mediated , for print products, substantial revisions were most often due to typographical and indexing errors. In general, more revisions were needed for print than non-print products, while film appeared to be in better shape technically. Likely explanations for this are: film is usually produced by a professional film maker; film is harder and more costly to revise than print and the MTF probably would not approve film in need of major editing; and, films generally result from specific product development grants, rather than from research or training projects.

Cost of Revisions, Production, Manufacturing

The total capital investment required to put product into inventory was provided for a total of 40 products (see Appendix A, Chart #3). The combined figure was $1,190,091. The capital investment for eight of the 40 products distributed by nonprofit organizations totalled $144,378. For-profit publishers invested $1,045,713 in 32 products. The difference in investments between nonprofit and for-profit distributors may be accounted for by the fact that many of the nonprofit distributors also served as developers of their products.

Breakdowns between editorial*, production*, packaging*, and manufacturing* costs were obtained for 35 of the 40 products (Charts #4A&B; Figures #4A&B). Of the total $625,663 spent for these 35, editorial costs amounted to $101,274 (16.2% of the total); production cost $149,352 (23.9%); packaging required $14,152 (2.2%); and manufacturing expenses were $360,885 (57.7%).

By media format, an average of $11,732 was invested in each print product*(19%, editorial changes; 20%, production costs; 3%, packaging; and 57% for manufacturing costs); $24,141 for each film/videotape product* (5%, editorial; 36%, production costs; 1%, packaging; and 57% for manufacturing costs); and $30,033 for each "other" product* (23%, editorial; 17%, production; 2%, packaging; and 58% for manufacturing).

Most of the publishers had acquired already-developed programs from sources other than the MLP (Charts #5A-C; Figures #5A-C). Costs of refining the MLP acquired products were, in most cases, comparable* to costs of making similar refinements to products acquired from other sources. Only 9.4% of the products for which data was reported involved more editorial expense and 18.7% required more production funds. First-run manufacturing

costs were also generally comparable to both other special education and general education products (Charts #6A&B; Figure #6). Only 12.8% of the OSE products were more expensive to manufacture than other special education products; 15.6% of the OSE products cost more than the general education products manufactured by those publishers.

Marketing Techniques and Investment

Marketing techniques used for OSE products were generally comparable to those used for other materials in the publishers' product lines and ranged from catalogs to sales forces (Charts #7&8; Figures #7&8).

Of 54 products distributed by responding organizations, multiple marketing strategies were used for all but 6 (or 11%). A total of 83.3% of the 54 products were marketed through catalogs; 70.4% through conventions; 70.4% through special brochures; 44.4% through sales forces (including dealers and commissioned agents); 59.3% through journal or magazine ads; 37% through telephone sales; and 35.2% through other means (including press releases, workshops and seminars, previews, and film festivals).

The marketing strategies employed for OSE products vary by type of distributor (profit, nonprofit) and by product medium. (See Chart next page.)

First year marketing costs for 40 OSE products amounted to $712,816 (Chart #9; Figure 9). Costs for individual products ranged from a high of $75,000 to a low of $300.

Publishers were asked to compare their marketing expenditures (as a percent of gross sales) to those for other special education products, and to those for general education products (Charts #10A&B; Figure #10). Costs for 79% of the 54 products covered in the responses were comparable to other special education products and 72% were comparable to general education products.

Marketing Strategy	Total Products	Products By Distributor		Products By Media		
		For-Profit Organizations	Nonprofit Organizations	Print Products	Film/Video Products	Other Products
Catalogs	83.3%	84.2%	81.3%	69.2%	100.0%	90.0%
Conventions	70.4	68.4	75.0	53.8	94.1	72.7
Special Brochures	70.4	63.2	87.5	46.2	100.0	81.8
Journal/Magazine Ads	59.3	65.8	43.8	42.3	76.5	72.7
Sales Force	44.4	60.5	6.3	30.8	76.5	27.3
Telephone	37.0	42.1	25.0	15.4	76.5	27.3
Other	35.2	28.9	50.0	38.5	23.5	45.5

When first year marketing expenditures are broken down by product format, the results are not significantly different from the preceding percentages. Of the 22 print products for which figures were reported, 86% had marketing expenditures comparable to other special education products, 9% had greater and 5% had less. Eighty-three percent of 18 print products had expenditures comparable to other education products and 17% had more.

Of the 16 film/video OSE products, 75% had expenditures comparable to both other special and general education products, 19% had greater and 6% had less.

Of the 10 OSE products in the "other" category, 70% had marketing expenditures which were comparable to other special education products, 20% had greater and 10% had less. However, only 20% of the OSE products' marketing costs were comparable to general education products; 40% were greater and 40% were less.

When broken down between nonprofit and for-profit publishers, however, a greater variance is seen. While 100% of products distributed by nonprofit organizations had marketing costs comparable to other special education products, this was true for only 73% of those distributed by for-profit companies. In the latter category, 19% of the products had higher marketing expenditures, while 8% had less.

Fulfillment

Order fulfillment, billing and customer service expenditures for OSE products were generally comparable to those for other special and general education materials (Charts #11A&B; Figure 11).

Sales

Publishers have had varying degrees of success with OSE products, which can be attributed to factors such as the size of the product's target audience, the availability of education funds to purchase the product, the quality of the publisher's marketing effort, and the length of time on the market. In regard to the latter, approximately 75% of the OSE products licensed in the first three years of the Marketing Program had been in distribution one year or less as of October 1, 1980. Some for-profit publishers experienced a significant time lag between notification that they had been awarded licenses and receipt of the products from MLP staff or the developer, with 48% of the products taking over four weeks to arrive, and 27% not available for three months or more (Chart #12A; Figure #12A). Two major reasons offered for this delay were: work on the product had not yet been completed; legal clearances had not been assured. Because many of the nonprofit publishers had served as the product developers, they did not have this problem; 83% of their products were available immediately and the remainder within four weeks.

The time lapse involved when the developer did not serve as publisher meant that 20% of the 50 products for which this information was available were not yet on the market as of October 1, 1980. However, once the publisher received the materials (Chart #12B; Figure #12B), 33 of 44 products included in the report (75%) were available in the marketplace within six months, a target considered reasonable by commercial publishers. Almost 98% were available within a year, with only one product taking over 52 weeks.

Film and video products reached the market first since, as discussed earlier, these materials are usually very close to marketable if approved

for announcement, and bid on, during the RFP process. Almost 59% of these 44 products were available within two months of receipt from the developer. Approximately 23.5% of the print products were available for purchase by the end of the same time frame. Close to 83% of the film/video and 64.6% of the print products were on the market within 6 months with the remainder in the marketplace within a year. In the category of "other", 20% of the products were available within three months of receipt by the publisher; 80% by the end of 6 months; and a total of 90% of the products were available for purchase at the end of one year.

Of 45 OSE products for which sales were compared to other special education materials, 56% were comparable, 15% were more and 29% were less. Comparisons with sales of general education materials were made for 35 OSE products: 50% were comparable, 6% sold more and 44% sold fewer units (Charts #13 A&B; Figure #13). Because this information was derived from data submitted through an independent accounting firm to protect individual companies' identities, it is not possible to determine the reasons that specific products did, or did not, do well. Some may have had very limited sales potential; other reasons could have included the publisher's marketing effort, or the quality of the product itself.

Nonprofit publishers' sales of OSE products were much more comparable to those of their other products. This may be due in part to the fact that several have a special relationship to, and knowledge of, their potential customers (e.g., American Printing House for the Blind, Council for Exceptional Children). Sixty-six percent of the products sold by reporting nonprofit distributors had unit sales comparable to other special education products; 25% of the products' sales were higher; 8% were less. Of the OSE

products distributed by for-profit companies, 52% had unit sales comparable to other special education materials; 12% had more; and 36% had less. When contrasted to unit sales for general education products, 44% of OSE products distributed by for-profit companies had comparable sales, 7% had more and 48% had less. This is not surprising, given the segmentation of the special education market and the comparatively smaller sales potential for most products.

A breakdown by media format reveals sharp contrasts between sales of OSE and other products. Print products were the most successful overall, with 61% of the OSE materials having unit sales comparable to other special education materials, 9% having more and 30% less. The popularity of print materials is true throughout educational publishing and one can assume the same reasons apply to special education: suitability of the medium to the content; comparative low price; and familiarity of users with print. OSE film/video products also fared well in comparison to other similar special education materials, with sixty-six percent of the OSE film/video products having comparable sales.

Comparison of Sales with Estimates

Publishers reported actual sales as a percentage of sales estimates for 33 products (Chart #14, Figure #14). The average sales of these 33 were 88.4% of projection. A breakdown by media format shows:

Fourteen print products attained an average of 76.5% of their original sales estimated. One product reached only 20% of goal; 4 reached between 22% and 50%; three reached between 59% and 78%; and six ranged from 93% to 160% of the target.

Ten film/video products sold an average of 92.2% of estimates. Four products were at or under 20% of goal; four reached between 67% and 95%; and one each sold 150% and 400% of estimate.

Though a greater variety of products is represented in the "other" category, only two of nine products reached less than 60% of original sales estimates; they were both in the 50%-59% range. Three products sold from 62%-75% of goal, four products sold from 133%-184% of estimate. This results in the "other" products selling an average 102.8% of original estimates.

Royalties

Data on actual royalties paid or due was submitted for only 31 products (Chart #15; Figure #15). Of these 31, seven had rates of 0%. Total payments for the remaining 24 amounted to $64,647 at the end of 1980.

Return on Investment

Organizations use different methods for computing their Return on Investment (ROI), which is calculated from net income.

ROI for OSE products in most cases appears to be comparable or less than that which distributors receive from other products (Charts #16A&B; Figure #16). It is possible that the ROI for OSE products will improve, as their length of time in the marketplace increases. All of the products covered in this report have been in distribution less than 3 years and of those for which ROI data was reported, only fourteen have been marketed for more than one year. Sixty percent of the OSE products for which ROI data was reported had a return comparable to other special education materials; 30% were less; 9% were more. The contrast with non-special education materials was greater: 39% of the OSE products had a comparable ROI; 48% were less; 12% were more.

Print products seemed to have the best performance, with film/video showing the worst ROI. Seventy-one percent of print products, 38% of film/video products and 63% of "other" products had an ROI comparable to other special education products; 24%, 46%, and 25% of the respective categories showed a lower ROI.

Measured against non-special education products, only 8% of film/video OSE materials had a comparable ROI; 77% were less. Sixty-five percent of print products were comparable, with 25% less; "other" products were evenly distributed between comparable, greater and less.

Market Penetration

Adequate data is not available to draw a statistical picture of the market penetration* achieved by publishers licensed under the OSE Marketing Program, because as of October 1, 1980, 75% of the products had been in the marketplace only one year or less.

In the commercial publishing sector it normally takes 12 to 24 months to "introduce" a product because of school buying cycles, upon which company marketing plans are based. Purchases are made from September through May with peaks at the beginning and end of the school year. A product for which a license is awarded in June may not reach the publisher until October. If minor modifications, packaging, manufacturing and promotion take another six months, the product may not be considered for purchase until the fall of the following year — 15 months after award of the license. This 24-month "introduction" phase is part of the average 5-year sales cycle (plotted in a bell curve pattern) with the sales peak projected to occur between 36 and 42 months after product release. It is apparent, therefore, that performance of a product in the educational marketplace

cannot, and should not, be measured until the product has had a minimum of two years of exposure.

Another difficulty in gathering market penetration data results from the fact that many publishers do not normally analyze individual product sales in a statistical manner, examining rather the performance of media, subject area or age level product groupings lines. In reality, the only kind of product which can validly be tracked in terms of reaching users is the basal product which is designed to be used on a one-per-student basis. Most of the OSE products are purchased for use within a school building or entire district, making it extremely difficult to gauge the number of individual users.

However, it is possible to draw some preliminary conclusions from other data provided by publishers. First, the average sales for 33 products reached 88.4% of sales estimates. Given that the publishers' marketing plans (including sales projections which indicate the number of potential users with access to a product) were approved before license award, attainment of an average close to 90% of sales goals should indicate a good rate of market penetration for products new to the market. Second, the proprietary data submitted by publishers shows that most of them made investments which were comparable to those for other products. Given that most of the distributors plan to obtain a reasonable commercial return on their investment, and that all who attended the publishers' conference said they would continue to participate in the Program, it appears that they project an increasing sales curve as the products hit their third and succeeding years in the marketplace.

Summary of Findings

In the area of editorial and format revisions, participating publishers indicated most changes were of the latter type, and were generally intended to make the products more economical to reproduce or to match other products in their lines. Earlier technical assistance to product developers could alleviate much of the need for format revisions.

Most of the licensed publishers had acquired programs to distribute from sources other than the MLP. Costs of refining the OSE products were, in most cases, comparable to those incurred in making similar refinements to products acquired elsewhere. Only 9.4% of the OSE products for which data was reported required more editorial investment; 18.7% required more production funds; first-run manufacturing costs were generally comparable.

The total capital investment to put products into inventory (editorial modification, production, first-run manufacturing) was provided for 40 of the 70 OSE products (57%). The combined figure was $1,190,091.

First year marketing costs for the same 40 OSE products were also generally comparable to those for other special or general education products, with a total investment of $712,816.

Publishers have had varying degrees of success with sales of OSE products, which can be attributed to factors such as the size of the product's target audience, the availability of education funds to purchase the product, the quality of the publisher's marketing effort, the length of time the product has been on the market, and the quality of the product itself.

Approximately 75% of the OSE products licensed in the first three years of the Marketing Program had been in distribution one year or less as of October 1, 1980. Some publishers experienced a significant time lag

between notification of license award and receipt of the product, with 75% taking over four weeks to arrive from the MLP or the developer. Two major reasons offered were: work on the product had not yet been completed; legal clearances had not been assured. However, once the publisher received the materials, 33 (or 75%) of 44 products for which data was reported were available in the marketplace within six months, a time span considered reasonable by commercial publishers.

Of 45 OSE products for which sales were compared to other special education materials, 56% had comparable sales, 16% had more and 29% had less.

Print products were the most successful overall, which is true throughout educational publishing. Reasons include familiarity of users with the medium as well as suitability of print to the presentation of the products' content.

Publishers reported actual sales as a percentage of sales estimates for 33 products. The average sales of these 33 were 88.4% of projection.

In regard to royalties, 7 (or 14%) of the 50 products for which data was reported are distributed by nonprofit organizations paying no royalty. Forty-eight percent of the products are distributed by publishers paying 6-10%.

The Return on Investment (ROI) for OSE products appears, in most cases, to be comparable or less than that which distributors receive from other products. This may improve, as the products' time in the marketplace increases.

Adequate data is not available to draw a statistical conclusion about the market penetration achieved by publishers licensed under the OSE

Marketing Program, because as of October 1, 1980, 75% of the products had been in the marketplace only one year or less. However, it is possible to draw some preliminary conclusions:

A. First, the average sales for 33 products reached 88.4% of sales estimates. Given that the publishers' marketing plans (including sales projections which indicate the number of potential users with access to a product) were approved before license award, attainment of an average close to 90% of sales goals should indicate a good rate of market penetration for products new to the market.

B. Second, the proprietary data submitted by publishers shows that most of them made investments which were comparable to those for other products. Given that most of the distributors plan to obtain a reasonable commercial return on their investment, and that all who attended the publishers' conference said they would continue to participate in the Program, it appears that they project an increasing sales curve as the products hit their third and succeeding years in the marketplace.

Recommendations

1. Early technical assistance to product developers, especially in the area of product design and format, should be provided in order to reduce the amount of publisher investment required for product modification.

2. Publishers report a serious problem in this stage of the process is the delay in delivery of completed products following licensing. RFPs should not be issued, unless they are developmental, for products with incomplete components or those without legal clearances.

3. Current information on trends and specific developments in the special education marketplace should be gathered and disseminated on a frequent basis to licensed publishers. They feel that additional updated information will be valuable in improving their marketing efforts.

Chapter VI

CONSUMER REACTION TO OSE PRODUCTS

Most of the first 70 products licensed for distribution through the Market Linkage Project for Special Education (MLP) are teacher-use, rather than student-use, materials. Teachers are the target audience for about 61% of the licensed products, with another 36% of the products designed for use by handicapped learners. The remaining 3% of the products are best described as "general use" materials -- those which provide general information about handicapped people and can be used with handicapped and non-handicapped audiences.

Information about the impact of OSE products on the educational user was sought from three different sources: the Market Linkage Project staff, publishers licensed to distribute the OSE products, and the purchasers of products (with names supplied by the publishers). No formal evaluation data on the effectiveness of MLP-licensed OSE products is available. This chapter, therefore, reports opinions of publishers, a sampling of customers, and MLP staff.

Publishers reported that the most important measure of any product's effectiveness, and hence impact on learners, is sales volume. Repeat sales of consumable print materials show that the product has been used and found to be worth re-ordering. For nonprint products, which generally do not have consumable components, sales volume is still an appropriate measure of effectiveness; high sales result from "word of mouth" advertising as well as formal promotion activities.

Based on sales of OSE products, as measured against other special education materials, the majority of publishers attending the Conference indicated that, in their opinion, the OSE products are effective and have a positive impact on the educational user.

During the Publishers Conference, each distributor was requested to supply the name and address of at least one purchaser of each OSE licensed product. During the month of April, 1981, over 40 long distance telephone calls were placed to purchasers of OSE products. By the end of the interview process, 13 purchasers of 13 different licensed products had participated in the telephone survey. The following areas were discussed in the telephone interviews: usage rate of the product; intended audience vs. actual audience; effectiveness of the product (perceived and measurable); comparison of OSE products in general with other special education materials. Purchasers were also asked to rate the OSE product (on a scale of 1 to 5, with 1 as excellent) for content, technical quality, packaging, adaptability to existing curriculum and available classroom time, teacher's/user's guide (if applicable) and ancillary materials (if applicable).

Products included in the interviews ranged from film series to filmstrips, and a looseleaf notebook to multimedia kits. Purchasers included media directors, special education teachers working directly with the handicapped, and individuals who are best described as being part of the general population. All those who participated in the interviews were assured that individual responses to questions would be confidential.

Several purchasers reported that they had not yet used the product, either because it had not been received, or the product had only recently been received. Of the purchasers who had used the product, usage rates varied from product to product. Factors impacting on this included:

- type of product -- whether the product was to be used with or by handicapped learners in the classroom, as a reference/resource tool, for general audiences, or as part of inservice training.

- type of purchaser -- media center staff member, special education classroom teacher, itinerant media specialist for handicapped learners, or regular classroom teacher.
- product format/media -- print, film, or a combination.

For instance, one purchaser, who is a special education classroom teacher, reported that the product (a looseleaf notebook) was used 4 days each week. Another purchaser, affiliated with a special education resource center, said that the product (a series of 16mm films) saw "average use, which means it was shown about twice a month".

In general, purchasers reported that they were using the products for the audiences identified by the publisher although in several cases, purchasers had also used the product with other audiences. One particular product (a filmstrip) has an intended audience of "teachers; parents; and community groups" but it has also been used by the purchaser in the classroom with regular students as an awareness tool.

Most purchasers were reluctant to draw comparisons between OSE products and other special education materials, stating that quality varied from product to product and this had nothing to do with the source of the original development dollars. Several purchasers did comment, however, that they tended to believe that OSE products were "better" because they had been developed by educators.

Purchasers were requested to rate the OSE product for: content (accuracy, sequence, specificity of objectives, interest level); technical quality; packaging (convenience, durability); adaptability to existing curriculum; adaptability to available classroom time; teacher's/user's guide (if applicable); and ancillary materials (if applicable). Rating

was scored on a scale of 1 to 5, with 1 excellent and 5 poor. Overall, average ratings for the products fell between 1 and 2. As a group, purchasers rated "adaptability to existing curriculum" highest. Ratings for "content" and "technical quality" were also high, followed closely by their opinions of "packaging". The lowest rating, a 5, was assigned to "adaptability to available classroom time" by a special education classroom teacher working with the learning disabled who said "the kids all need such different things -- one product could never satisfy all of them". For those products which had guides and ancillary materials, the purchasers tended to rate these favorably also.

Several publishers also provided an assortment of written purchaser comments/evaluations on a total of five OSE licensed products. The products are all 16mm films and videotapes; some are single films and some are series. Purchasers/reviewers run the gamut from A-V specialists/librarians to special educators and educational broadcasting station executives to social agency professionals. A random sampling of these comments follows.

"Excellent production. The organization, narration and camera work/editing all contributed to its excellence. The program will be shown to community college students in child development and psychology classes."

"We thought it was very well done -- meets the need expressed to us many times for materials for kids, not just teachers, regarding handicapism."

"Acting exaggerated. Dislike song about slow kids."

"The series has been reviewed by teachers and is being used in national and regional instructional and professional development conferences ....."

"Excellent for teacher-training purposes within the field. Could be used as a general in-service information film for teachers in schools."

"Very concrete and explained necessary fundamentals without becoming confusing."

"The film fits the need for the pupil as well as the teacher."

"Will meet a greater need when Special Education programs move beyond the 'in' syndrome."

"Good film to meet the needs of the deaf."

Generally, there appears to be good reception to OSE products. However, as mentioned previously there is an absence of formal user evaluation data on OSE products. This can be explained by at least three major factors:

1) The educational publishing industry, in general, does not collect this type of data, because of the high costs associated with any type of market research (including evaluation of products by users). A related factor is that, in many cases, the purchaser is not the actual user of that product. Evaluation cards, included in most product shipments, often reach a purchasing agent, librarian or department head rather than the product user, and therefore, are not completed and returned to the publishers.
2) Publisher collection of product user evaluation data on OSE licensed products is on a voluntary basis.
3) As of October 1, 1980, 75% of the OSE licensed products had been in the marketplace one year or less. Commercial educational publishers generally agree that the "introduction" phase of a product's life takes 12 to 24 months. Product sales are projected on an

average 5-year cycle (in a bell curve pattern) with sales peaks occurring between 36 and 42 months after release. A minimum of two years must pass before product performance can be realistically measured.

Summary of Findings

In the absence of formal evaluation data, the attitudes of the Market Linkage Project staff, the product publishers, and the product purchasers become the only available measure of the effectiveness of OSE products. These attitudes all appear to be positive. Product publishers (using sales volume as a measure of product effectiveness) report that they would judge their products to be effective. The MLP staff share that view. Those product purchasers participating in the telephone survey and written comments from other purchasers show favorable ratings for individual OSE products.

Recommendations

It is not appropriate to make recommendations about how OSE products should be used in the classroom. What is needed, however, is better data collection on product use. This will be treated in the next chapter which deals with MLP follow-up and monitoring activities.

Chapter VII

PROGRAM MONITORING

MLP staff are responsible for tracking and monitoring activities for each license "to ensure the effective distribution of the product among the audience of educators and/or learners intended by BEH (sic) and the developer".[3/] This involves two major functions: obtaining data about use of the product; and monitoring and evaluating the performance of licensed publishers.

Product Evaluation

The Market Linkage Project staff report that collection of evaluation data on OSE products is voluntary on the part of participating publishers. The MLP contractor has designed an evaluation form, which it requests publishers to include with the product at the time of shipment.

As a group, publishers attending the Publishers Conference reported that the majority of evaluation data on all products, including their OSE products, is collected through informal means such as telephone conversations with customers, conversations with educators at conventions and meetings, and reports from sales representatives. About half of the publishers stated that they include evaluation cards with product shipments, although in some cases the cards simply request the user's/purchaser's name and address. Publishers reported that the general return rate for the cards is poor. Several publishers commented that although they did comply with the MLP's request to include evaluation cards with product shipments, the MLP contractor has not contacted them for this information.

3/ Final Report, Market Linkage Project for Special Education: The BEH Marketing Program, Linc Services, Inc., Westerville, Ohio, 1980, page 21.

Publisher Performance

A Descriptive Analysis of the Marketing Program is not complete without an examination of the data collected on licensed publishers' performances. According to the MLP contractor, monitoring of licensed organizations takes place under "the parameters outlined in the publisher's marketing and distribution proposal. The MLP retains the right to make periodic audits of the publisher's books of accounts relative to the product and the continued availability of components and consumables".

Summary of Findings

Product Evaluation: Obtaining product evaluations from customers has long been a problem for educational publishers. It takes some time to measure product performance, and users frequently don't return evaluations. Nevertheless, since OSE spends considerable sums of money to develop these products, it is important that more be done to track their use than the seemingly haphazard process which now exists as described in the Final Report of Linc Resources (the MLP contractor). It states: "Linc, in cooperation with the publisher, has created a mechanism for capturing product-impact data; staff members at Linc analyze these data and prepare statements for BEH (sic) documenting reported effectiveness of the product". Yet, during the first three-year period, the MLP contractor reports receipt of data on only 3 or 4 products, with a response rate of about 500 per product. Furthermore, OSE reports that it has no statements on record from the contractor containing product-impact data.

Publisher Performance: Available information indicates that monitoring and analysis is not occurring. In fact, there are a number of product

records which are incomplete and do not reflect changes which have been made by the publisher in format, title, price and other characteristics.

Recommendations

1. Collection of user evaluation data must be improved. The MLP should consider requiring inclusion of standard evaluation forms with all products. These postage-paid forms should be returned directly to the MLP or to an independent contractor who can transmit the data on a systematic basis to OSE.

2. A systematic and efficient mechanism should be established and employed to monitor the course of products once they are licensed. Publishers' marketing and sales performance must be measured against goals and projections contained in their bids. When such a system is operational, it will not only track compliance of publishers with terms of their agreement, but will provide MLP and OSE staff with empirical data about the factors necessary to achieve maximum dissemination of different kinds of products. These factors include characteristics of both the licensed distributors and the market for which the product is intended.

Chapter VIII

MARKETING PROGRAM BENEFITS AND COST-EFFECTIVENESS

A comprehensive discussion of the benefits and cost-effectiveness of the OSE Marketing Program must examine four elements: the underlying concept of the Program, the process itself, an analysis of the costs incurred in operating the Program, and value received by Program participants.

The purpose of the OSE Marketing Program is straightforward: to improve the dissemination of products developed with OSE funds, thereby making important educational resources available directly to handicapped learners and their teachers. This goal is not unique. What is unique, however, is the concept of combining the resources of the private sector with those of the Federal Government to achieve the goal, thus forging a partnership between the Government and commercial publishers. Program emphasis, therefore, is on commercial distribution of OSE-funded products. The process, and step-by-step procedures, which the OSE Marketing Program uses to achieve this are described in detail in the preceding Chapters.

OSE Marketing Program Costs

Costs associated with the Marketing Program can be assigned to two major categories:

1) the investment made by the Federal Government, in both product development and in the Market Linkage Project; and

2) the investment made by commercial publishers in refining and distributing the OSE products.

Unfortunately, there are several major information gaps which preclude a complete analysis of the cost-effectiveness of the OSE Marketing Program at this time:

1) In a complete cost analysis, the ratio between development and marketing costs of OSE-sponsored products would be examined. However, although the cost of funding the Market Linkage Project is available, the total Federal Government dollar investment in MLP products cannot be determined.

With the exception of those few grants (funded by the Division of Educational Services) which had as their primary purpose the development of specific products to aid in the education of handicapped learners, budget breakdowns for product development costs are not available. The majority of the 70 products licensed by the MLP during the first three years of Program operation were secondary outcomes of grants made by other Divisions in the Office for Special Education. Reporting requirements for grants do not stipulate that product development costs be shown as a separate budget item, and, as a result, the Federal Government's total investment in product development cannot be determined.

2) MLP tracking and monitoring activities are inadequate on several levels. The MLP has a contractual obligation to monitor publisher performance and to collect user evaluation data for licensed products. This has not been done. Failure by the MLP to perform such tasks closes off two additional avenues which could be used to measure the cost-effectiveness of the OSE Marketing Program: a) comparison of projected sales of products vs. actual sales achieved; and b) market penetration of licensed products.

3) There is an absence of clear-cut Program goals, both in terms of setting a specific percentage of MLP products to be licensed during the first three years of operation, and of dollar or unit sales to be achieved by licensed products. This is <u>not</u> to suggest that setting such goals at the outset of the contract would have been wise. Because the new Marketing

Program is unique in concept, the establishment of licensing or sales goals would have been arbitrary in nature and, therefore, not necessarily realistic. Nevertheless, the absence of such goals makes it difficult to assess progress, or lack of it, for the Program at this time. At the conclusion of the present MLP contract (the second three-year term of the Program), performance comparisons may be realistically drawn between the two periods.

Although an exact cost analysis of the Marketing Program cannot be compiled at this time, many of the costs associated with the operation of the MLP are known and can be examined. In addition, there are other Federal dissemination programs with similar goals (albeit different operating strategies) which can be compared to the OSE Marketing Program. With this data at hand, certain preliminary judgments can be made about the relative cost-effectiveness of the Marketing Program to date.

In the first three years of operation, the cost of funding the Marketing Program was $942,000. Those Federal funds financed a Program which really serves two different functions: a) to ensure that those OSE products which are commercially viable receive widespread distribution; and, b) to find alternative dissemination channels for those products which do not lend themselves to mass distribution. Because securing commercial distributors for OSE products is a primary task of the MLP, a discussion of the Program costs must necessarily focus on those products which the Marketing Task Force has recommended be issued in an RFP Alert.

During the initial MLP contract period (three years), there were 210 products submitted for review; of those, 130 were eventually offered to commercial publishers. Of the products offered, 69% were entered into, or licenses were being negotiated for, commercial distribution by the end of the three-year time frame. This is in striking contrast to the dissemination

effort for OSE products prior to establishment of the MLP--when only 94 of 1,300 products (or 7%) entered commercial distribution over the much longer period of ten years.

Data available on 40 of the 70 licensed products shows expenditures by commercial publishers of $1.9 million in capital investment and first-year marketing costs. Using an average cost of $47,260 per product (based on the above data), the total expenditures (for product refinement, manufacturing and first-year marketing) of the 70 licensed products is projected to be $3.3 million. It is reasonable to assume that adding second and third-year marketing costs for the 17 products available for more than one year would bring the total commercial investment to at least $3.5 million during the first three years of the Program's operation.

With commercial dollars providing a better than 3-to-1 match of Federal dollars, the Government's allocation to the MLP appears to have been a wise investment. These Federal dollars have served as a catalyst to successfully obtain commercial sector resources to achieve results far beyond what could be expected from the original Federal seed money.

Comparison to other Federal Dissemination Programs

As part of this Descriptive Analysis, the authors of this report had hoped to examine probable costs and results of distributing OSE products through two other Federal education dissemination programs--the National Audiovisual Center (NAC) and the National Diffusion Network (NDN).

NAC and NDN were selected because both were created to serve as mechanisms through which Federally-produced or sponsored materials and projects are made available to the public. Both, in contrast to the Marketing Program, however, are exclusively Federal operations. NAC (an arm

of the General Services Administration) sells, rents or loans audiovisual materials produced by or for Federal agencies. The Agency estimates that 40 to 45% of its total activity involves educational materials. NDN, whose entire activity is educational, was created in 1974 to support the dissemination of Federally-funded education projects which are judged effective by the Federal Joint Dissemination and Review Panel. In general, these projects consist of complete programs or curricula, not individual products such as are found in the OSE Program.

MDI found that neither Agency maintains the kinds of records necessary to perform a side-by-side cost/benefit analysis with the Marketing Program. However, information is available to compare the following similar program areas:

A. Product Refinement

1) The National Audiovisual Center makes no modifications to the products it receives for distribution.

2) The National Diffusion Network makes only "a small amount" to ensure that programs are aimed at an "average" student population and that any geographical regionalization is removed; this is performed by developers with Federal funds from NDN's appropriation.

3) Under the MLP, licensed distributors of 35 products (half of those licensed) reported an expenditure of $264,777 for editorial, production, manufacturing and packaging refinements.

One can assume the publisher's expenditures to be necessary to the product's marketability and use, as commercial organizations would not want to unnecessarily increase their financial outlay. Therefore, the

products distributed through the MLP have had the benefit of additional refinements, made with non-Federal dollars.

B. Product Promotion Techniques

1) Not all of the products distributed by NAC are promoted, although almost all appear in reference (information) publications. Those that are promoted receive mention in direct mail pieces (the most common method); in space advertising (limited); at educational, trade and professional exhibits; and in press releases and publication reviews.

2) NDN promotes programs or products (approved by the Joint Dissemination and Review Panel) through 105 facilitators in 49 states. These individuals (most states have one; seven have more) are responsible for making information available to LEAs through brochures, workshops and telephone conversations.

3) Distributors licensed under the MLP employ a variety of promotion techniques for OSE products. Of the 54 products for which this information was reported, only 11.1% were promoted through a single marketing strategy; two to four strategies were employed for over 46% and more than four techniques were employed for over 42% of the products. One important resource not available to either NAC or NDN is a professional sales force. Of the 54 OSE products, 44.4% were marketed through sales forces making personal calls, as well as through catalogs and conventions.

Based on awareness of NAC and NDN procedures, and on knowledge of commercial educational distributors' marketing resources, it appears

that products distributed by commercial organizations receive wider exposure and deeper market penetration than those in the NAC and NDN systems. Not only do the commercial organizations have more professional marketing experience and a greater variety of resources, but most of the nonprofit distributors are organizations with extremely close ties and access to the sector(s) of the special education community for which their products were designed.

C. Promotion and Distribution Costs

1) NAC reports an annual budget for promotion and distribution of its educational products of $250,000 to $275,000. Although data on the actual number of education products was unavailable from NAC, selected NAC educational catalogs show a total of 1,194 products in specific curriculum areas. The actual number of NAC education products is, without question, much higher. Nevertheless, the $250,000 to $275,000 promotion/distribution budget encompasses the 1,194 NAC products documented in catalogs.

   Transferring the 70 products from the OSE Marketing Program to NAC would require additional Federal dollars, although the exact amount would vary with the product. In this regard, NAC requires that the producer (or producing Federal agency) supply a start-up inventory--generally 25 to 50 complete units (more if there are print components). Funds needed to produce these inventory units are determined by unit costs.

2) In contrast, NDN (with 113 programs) spends an annual Federal appropriation of $10 million on "promotion and distribution."

This funds 105 "state facilitators" who promote NDN products and developer/demonstrators who actually help install the product in the local educational agencies.

NDN program officials estimate that another 6 million dollars would be required if all the OSE products licensed in the first three years of the MLP passed the Joint Dissemination and Review Panel and were entered in the Network. Competition for available dollars under this program is tight and many projects approved by the Joint Dissemination and Review Panel do not receive funding.

3) The Market Linkage Project during the initial three-year contract period spent an estimated $804,000, an average annual expenditure of $268,000, on all facets of work performed to ready products for commercial distribution. (The above figures exclude the cost of technical assistance activities provided to product developers.) Commercial publishers then spent $712,816 on first year marketing costs for 40 of the 70 products licensed.

Overall, not only would the transfer of OSE products to NAC and NDN require the infusion of additional Federal dollars, but there is no reason to believe that such a move would enhance the dissemination of the products. On the contrary, evidence indicates that the promotion strategies used by OSE-licensed publishers are broader in scope and result in deeper market penetration than those employed by NAC and NDN.

Program Benefits

As stated previously, the OSE Marketing Program is a unique approach to a lingering problem: how to move Federally-sponsored education materials

off the shelves and into the classroom. The Program, while still in its infancy, has accomplished much during its first three years of operation. Although there are some significant gaps in the System, these have not mitigated the benefits of the overall Program.

- Improved Dissemination of OSE-Funded Products

  The OSE Marketing Program has unquestionably improved the dissemination of OSE-funded products which are commercially marketable. In the first three years of the Market Linkage Project contract, 70 of the 130 products offered for commercial distribution had been licensed, and negotiations were underway for an additional 17. Thus 69% of the products considered appropriate for commercial distribution had entered, or were in the process of entering, national distribution. Although complete market penetration data is not yet available, the fact that products on the market for at least a year averaged 88.4% of sales estimates indicates that a high percentage of the products' potential audience is being reached.

- Improved Quality of OSE-Funded Products

  Obviously, one of the prime accomplishments of the Program is that handicapped learners have access to OSE-sponsored products that have often remained on the shelves in the past. Although product effectiveness and user satisfaction have proven difficult to document, the products distributed through the Marketing Program appear to be of better quality than they would be without the Program, and the fact that they are generally meeting sales estimates indicates that users are receiving them well. Moreover, the widespread dissemination being achieved applies to products which have been refined, at private sector expense, to bring them up to commercial standards. For 40 out of the 70 products in the system (57%) publishers invested $1,190,090 for editorial, production, manufacturing

and packaging processes. They spent another $717,816 to market 41 of the 70 products. In short, commercial publishers spent almost $2 million on approximately half of the licensed products to refine and package them, promote their availability, and distribute them to end users. Thus, the Federal Government benefits from the expertise of commercial publishers as well as the additional financial support they commit to the OSE products.

- Government-Sponsored Research Findings Put Into Practice

  In addition to benefiting from broader dissemination of refined products, the Federal Government also realizes the implementation of research findings when products from research grants are licensed for commercial distribution. In this case, both funds for development of the product and for performance of the research are well-spent.

- Increased Involvement of Commercial Publishers in Special Education

  A very large gap still exists between the needs of handicapped learners and the resources available to meet those needs. The Federal Government cannot fill that gap by itself and the Marketing Program, by encouraging publisher participation, is helping to bring more commercial organizations into the field of special education.

- Enhanced Government Image

  Beyond this, services of OSE are more directly visible to the public. First, not only are OSE-sponsored products being used, but their effectiveness is increased and, with this, the effectiveness of OSE itself is highlighted.

  Second, prior to establishment of the Marketing Program, commercial publishers and Federal agencies were often at odds with each other over the proper role of the Government in development and distribution of

quality educational products. The Marketing Program has successfully encouraged the involvement of publishers in the refinement of Federally-sponsored products and has relied on their expertise for the dissemination of those products. In so doing, the OSE Marketing Program has created a symbiotic relationship between the Federal Government and the commercial sector which results in improved services for handicapped learners at reduced costs to the Government.

- Dollar Return to Government

  Financially, there is also a benefit which accrues to the Government: 75% share of royalties paid by publishers on product sales. (It must be noted, however, that the dollar amount is relatively small and, under the new EDGAR regulations, there is some question as to whether the Federal Government will continue to receive royalty payments.)

- Benefits to Publishers

  For the commercial publishers, the OSE Marketing Program offers many benefits. Traditionally, publishers have been leery of entering the special education field because of its fragmentation, with segments having different populations and needs about which inadequate marketing information is available. Through the Marketing Program, organizations can begin selling special education materials with less risk because they do not have to bear the initial product development costs. In addition, both new and experienced special education publishers have indicated that their organizations have gained increased visibility in the marketplace through distribution of their licensed products. The Program has also provided publishers with access to products which educators may consider more valid due to their field testing. (Product developers frequently

have more funds to spend on product evaluation than do publishers - especially smaller organizations.) Reviewing product descriptions contained in MLP RFPs enables publishers to maintain an awareness of current developments in special education. The MLP can also function as a resource agency for assistance on legal questions and liaison with developers.

- Benefits to Product Developers

Product developers have also gained from the Program, although according to many of them, the Program's accomplishments are dubious. Of primary importance is that the Program, through technical assistance activities and interaction with publishers, is designed to inform product developers about marketing considerations which can make future products more commercially viable. Financial remuneration is also provided through royalty payments, and those payments could be substantially increased under the new EDGAR regulations. While not documented, there are some indications that royalty payments to product developers may be used to augment other product development activities.

Summary of Findings

At this time, it is impossible to accurately measure the cost-effectiveness of the OSE Marketing Program because:

1) There is inadequate financial information on product development activities when such development is a secondary result of grants whose primary purpose is research or training. Without budget data on all costs for all MLP products, the ratio between development and marketing costs, an important factor in determining cost-effectiveness, cannot be established.

2) Although the MLP has a contractual obligation to monitor publisher performance on licensed products, those activities were inadequately performed during the first three years of Program operation. There is no systematic mechanism for measuring licensed publishers' marketing performance against goals and projections contained in bids.

3) There is an absence of clear-cut Program goals, both in terms of setting a specific percentage of MLP products to be licensed during the contract period and in terms of dollar or unit sales to be achieved by licensed products. Although establishment of such goals at the outset of the Program would have been arbitrary (and, perhaps, unwise), it is difficult to statistically measure Program progress without them.

Although an exact cost analysis of the OSE Marketing Program cannot be made at this time, available data can be used to draw preliminary conclusions regarding the Program's achievements during the initial contract period.

For the known Federal investment of less than $1 million, the OSE Marketing Program has dramatically improved the dissemination of OSE-funded products. Prior to the establishment of the Program, only 7% of 1,300 OSE-supported products entered commercial distribution over a ten-year period; of the 210 products which went through the OSE Marketing Program, over 41% were licensed, or licenses were being negotiated, for commercial distribution by the end of a three-year time frame. This success is a direct result of the involvement of commercial publishers, who have commited their marketing expertise and resources to the distribution of these OSE products.

Products in the OSE Marketing Program appear to receive wider dissemination (at a lower cost to the Federal Government) than those entered in

two other Federal education dissemination channels, the National Audiovisual Center and the National Diffusion Network.

Furthermore, during the first three years of the MLP, benefits have accrued to both Program participants and users: the Federal Government, handicapped learners and teachers, commercial publishers/distributors, and OSE-funded product developers.

For the Federal Government, the value of the Marketing Program includes:

- the improved dissemination of OSE-supported products;
- improved product quality, at no direct cost to the Government;
- implementation of Government-funded R&D activities;
- an enhanced Government image; and
- use of the expertise of commercial publishers in refining, marketing, and distributing OSE-supported products.

The primary benefit to the educational user has been improved access to products which often remained on the shelf in the past. Handicapped learners and teachers have also benefited because products distributed through the Market Linkage Project appear to be of better quality than they would have been without commercial refinements. Product effectiveness and user satisfaction, however, are difficult to document. Although the MLP has a contractual obligation to compile user evaluation data on licensed products, insufficient data was collected during the initial contract.

Commercial publishers licensed to distribute OSE products cite many benefits from participation in the Marketing Program:

- minimization of risk in entering the special education market;
- increased company visibility and sales in the special education area;

- a heightened awareness of current developments in this field; and
- access to MLP staff for assistance on legal questions and liaison with product developers.

Program participation also offers benefits to developers, although to date, potential has been greater than value received. MLP technical assistance activities are designed to provide developers with a broad spectrum of advice and information on marketability concerns during product development. It was found, however, that during the initial three-year contract period, developers often received too little help, too late. This is an area which could be significantly improved in the future. A benefit which has been realized by developers whose products are commercially licensed is the receipt of royalty payments. It should be noted that the financial return has been modest, however, because developers generally receive only 25% of the royalty and royalty rates vary.

Recommendations

1. Grants or contracts awarded for purposes other than product development should be amended as soon as products are contemplated to include a separate budget reporting category for product development costs. With this data, OSE will be able to monitor its product development investment.
2. The MLP should establish and employ a systematic procedure for measuring publishers' marketing performance against goals and projections contained in bids, in order to obtain accurate data about market penetration.
3. Again, to help measure benefits and cost-effectiveness, user evaluation data collection must also be improved.
4. OSE should consider creating product licensing and sales goals for the Marketing Program, based on achievements during the initial contract period.

STATISTICAL DATA ON MLP LICENSED PRODUCTS

Introduction

An "OSE product" is the complete title, program, or series for which a license was negotiated between the MLP and a commercial publisher. Products in the study have been categorized two ways: by the type of organization which distributes them (profit and nonprofit) and, by the media format (print, film/video, and "other"). A print product is defined as one for which only printed material is distributed under the license agreement. A film/video product includes 16mm film(s), videotape(s), and/or videocassette(s) which may or may not be accompanied by a user's guide. "Other" products include, but are not limited to, audio cassettes/tapes, filmstrips, multimedia kits, slides, special equipment, and print/media combinations.

The data shown in the following charts and figures is based on information supplied by 30 organizations about 58 OSE products which they are licensed to distribute. Unless otherwise noted, the charts and figures present information on a "by product" basis.

The numbers shown in parentheses following each category (profit products; nonprofit products; etc.) indicate the total number of products for which publishers supplied information; line percentages are based on these totals.

Of the total 58 products, 72.4% are distributed by profit companies and 27.6% by nonprofit organizations. Twenty-nine, or 50%, of the 58 products are print; 29.3% are film/video products; and, the remaining 20.7% fall in the "other" product category.

See Chapter IV (MLP Publisher Liaison and Product Licensing) and Chapter V (Publisher Modification and Distribution of OSE Products) for an analysis of the statistical data presented in this Appendix.

CHART #1A

DO THE ADMINISTRATIVE AND FINANCIAL REPORTING REQUIREMENTS (FOR MARKETING EXPENDITURES, PRODUCT MODIFICATIONS, AND ROYALTY PAYMENTS) OF THE MARKET LINKAGE PROJECT CONFORM TO THE COMPANY'S ESTABLISHED PROCEDURES?

BY COMPANY	YES	NO	TOTAL
Profit Companies (18,	44.4%	55.6%	100.0%
Nonprofit Companies (9)	55.6	44.4	100.0
Total Companies (27)	48.1%	51.9%	100.0%

FIGURE #1A

DO THE MLP REPORTING REQUIREMENTS CONFORM TO THE COMPANY'S ESTABLISHED PRODURES?

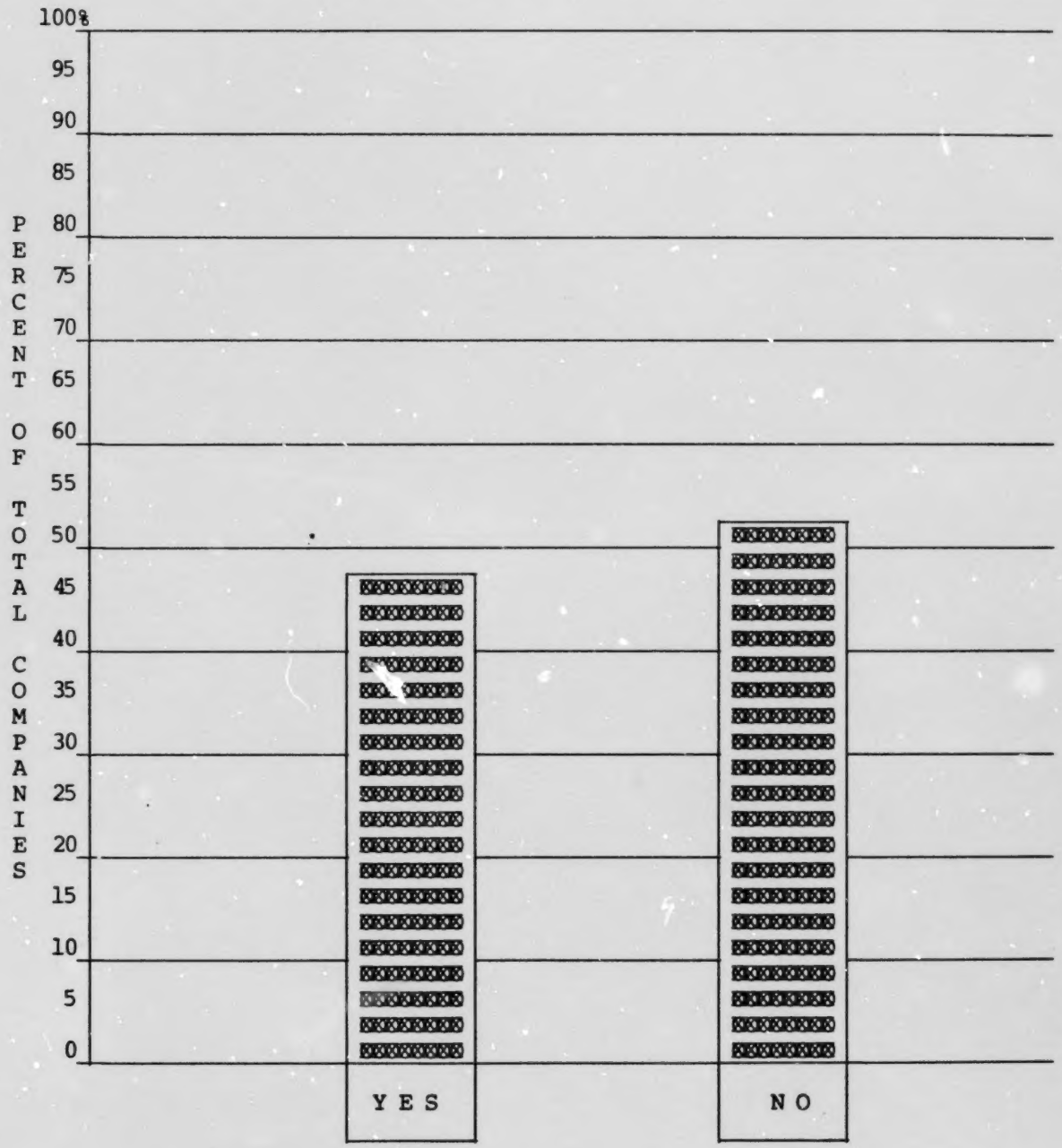

CHART #1B

IF THE REQUIREMENTS DO NOT CONFORM TO THE COMPANY'S PROCEDURES, DESCRIBE THE IMPACT OF THESE REQUIREMENTS:

BY PRODUCT	NEGLIGIBLE	MODERATE	CUMBERSOME	PROHIBITIVE	TOTAL
Profit Companies (10)	10.0%	30.0%	50.0%	10.0%	100.0%
Nonprofit Companies (4)	-	50.0	50.0	-	100.0%
Total Companies (14)	7.1%	35.7%	50.0%	7.1%	99.9%

FIGURE #1B

IF THE REQUIREMENTS DO NOT CONFORM TO THE COMPANY'S PROCEDURES, DESCRIBE THE IMPACT OF THESE REQUIREMENTS:

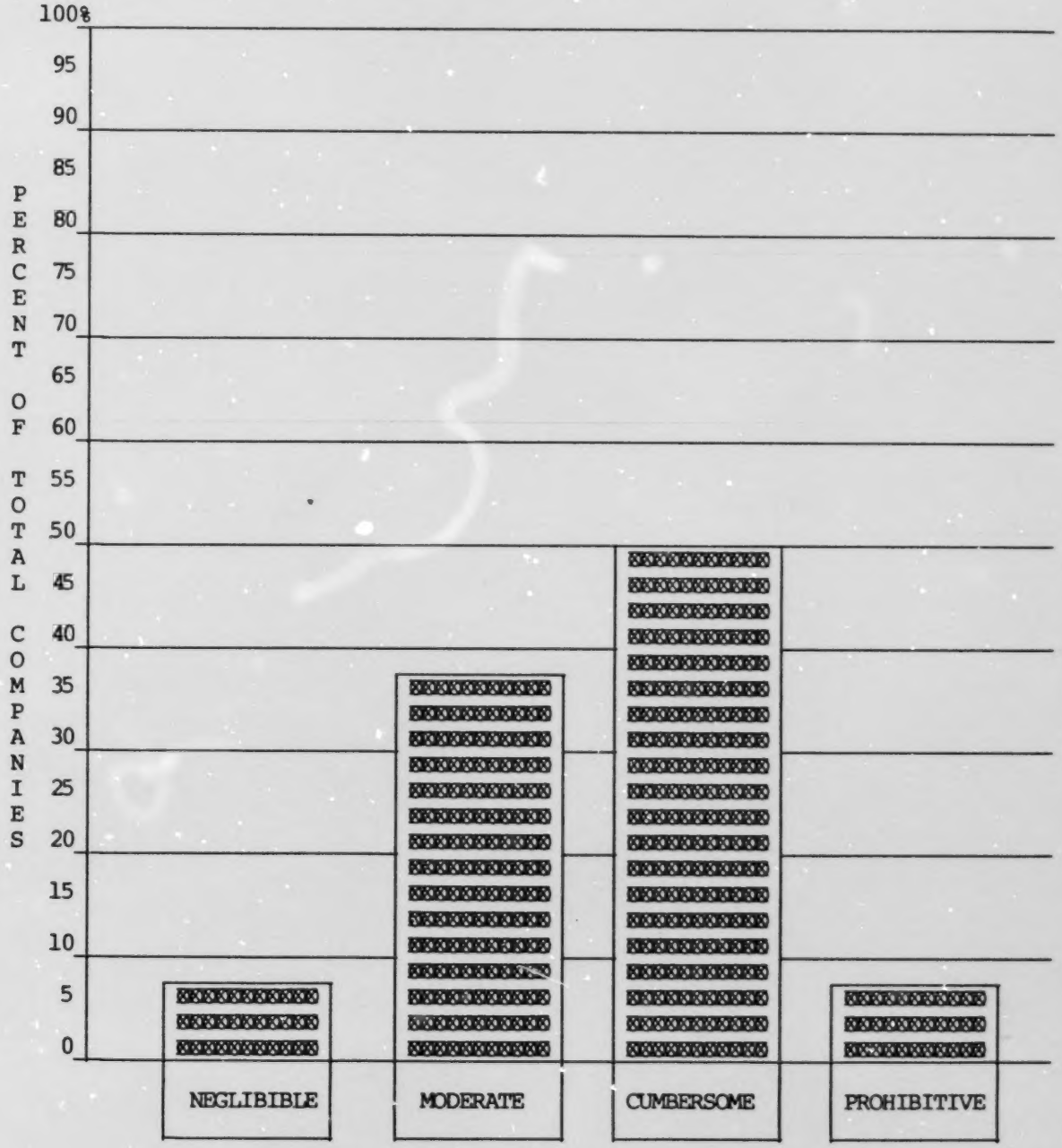

CHART #2

WHAT IS THE ROYALTY RATE THE COMPANY PAYS LINC FOR THIS OSE PRODUCT?

	ROYALTY RATE											
	0%	1%	4%	5%	6%	8%	9%	10%	18%	20%	Other	TOTAL
Profit/Nonprofit:												
Profit Products (36)	-	2.8%	8.3%	5.5%	13.9%	2.8%	5.5%	30.6%	2.8%	16.7%	11.1%	100.0%
Nonprofit Products (14)	50.0%	-	-	14.3	14.3	7.1	-	14.3	-	-	-	100.0
Total Products (50)	14.0%	2.0%	6.0%	8.0%	14.0%	4.0%	4.0%	26.0%	2.0%	12.0%	8.0%	100.0%
By Media:												
Print Products (23)	13.0%	-	4.4%	13.0%	30.4%	8.7%	4.4%	26.1%	-	-	-	100.0%
Film/Video Products (16)	-	6.2%	-	6.2	-	-	-	25.0	6.2%	37.5%	18.8%	99.9
Other Products (11)	36.3	-	18.2	-	-	-	9.1	27.3	-	-	9.1	100.0
Total Products (50)	14.0%	2.0%	6.0%	8.0%	14.0%	4.0%	4.0%	26.0%	2.0%	12.0%	8.0%	100.0%

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NOTE: Rates for products shown in "Other" column are one each:

- "Escalating: Video Cassettes = 15%-17%-20%; 16mm Films = 10%-13%-17%-20%; Soft Cover Books = 8%-10%-12%";
- "Escalating: Video Cassettes = 15%-17%-20%; 16mm Films = 10%-13%-17%-20%";
- "25% for 16mm; 15% for Video Cassette";
- "Soft Cover Books 8%; 16mm Films & Video Cassettes 10%; Audio Cassettes 15%".

FIGURE #2

WHAT IS THE ROYALTY RATE THE COMPANY PAYS THE MLP FOR THIS OSE PRODUCT?

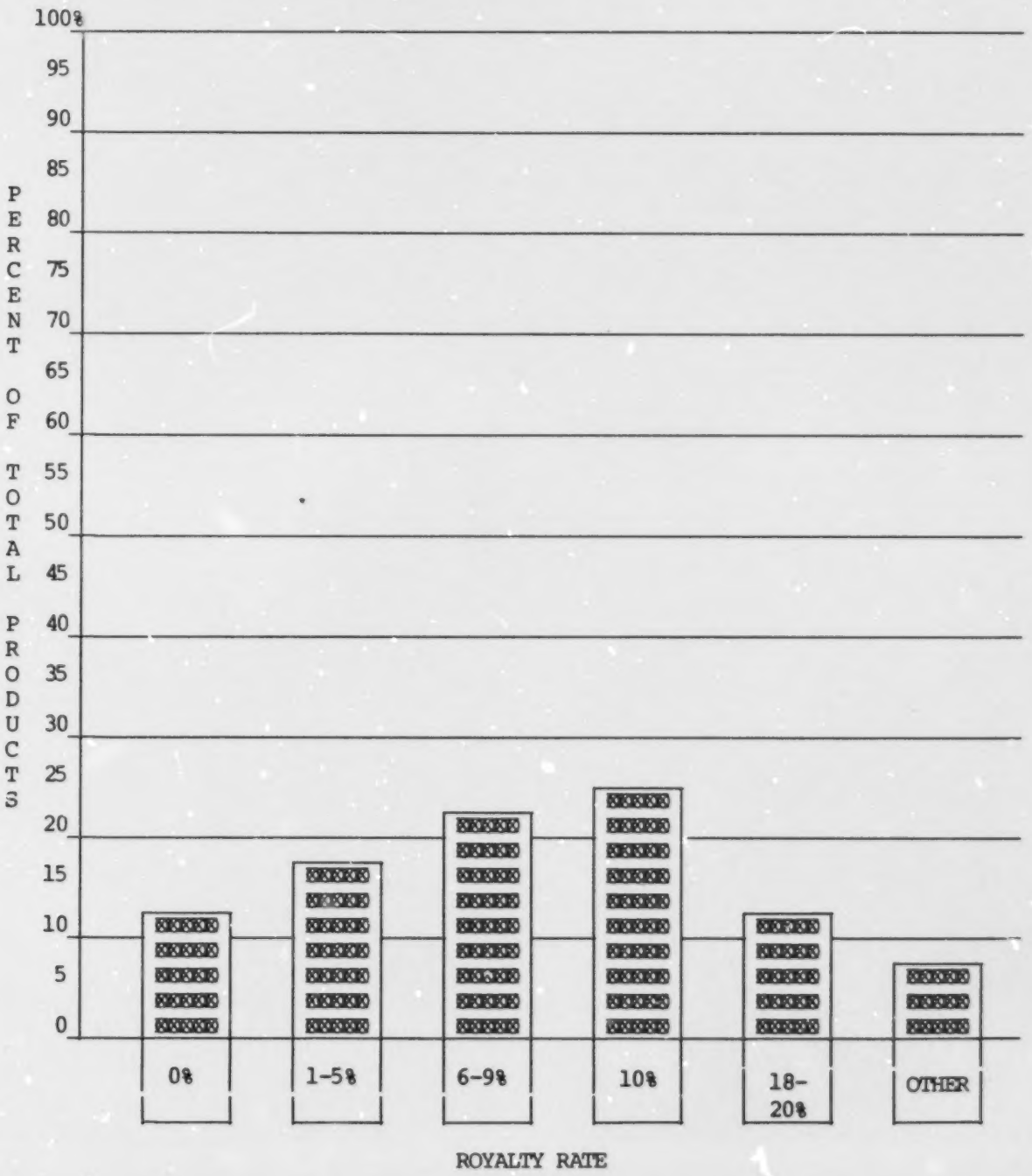


CHART #3

WHAT WAS THE COMPANY'S TOTAL CAPITAL INVESTMENT TO PUT THIS OSE PRODUCT INTO INVENTORY?

CAPITAL INVESTMENT EXPENDITURES

	TOTAL	AVERAGE
Profit/Nonprofit:		
Profit Products (32,	$1,045,713	$ 32,679
Nonprofit Products (8)	144,378	18,047
Total Products (40)	$1,190,091	$ 29,752
By Media:		
Print Products (	$ 187,712	$ 11,732
Film/Video Products (15)	362,113	24,141
Other Products (9)	640,266	71,141
Total Products (40)	$1,190,091	$ 29,752

NOTE: Figures shown here exceed the sum of editorial, production, packaging, and manufacturing costs shown in Charts #7A and B for two reasons: 1) for five products, organizations provided only total capital investment figures; and, 2) some organizations included additional costs to arrive at a total capital investment figure which is higher than the sum of the products' editorial, production, packaging, and manufacturing costs.

FIGURE #3

WHAT WAS THE COMPANY'S TOTAL CAPITAL INVESTMENT TO PUT THIS OSE PRODUCT INTO INVENTORY?

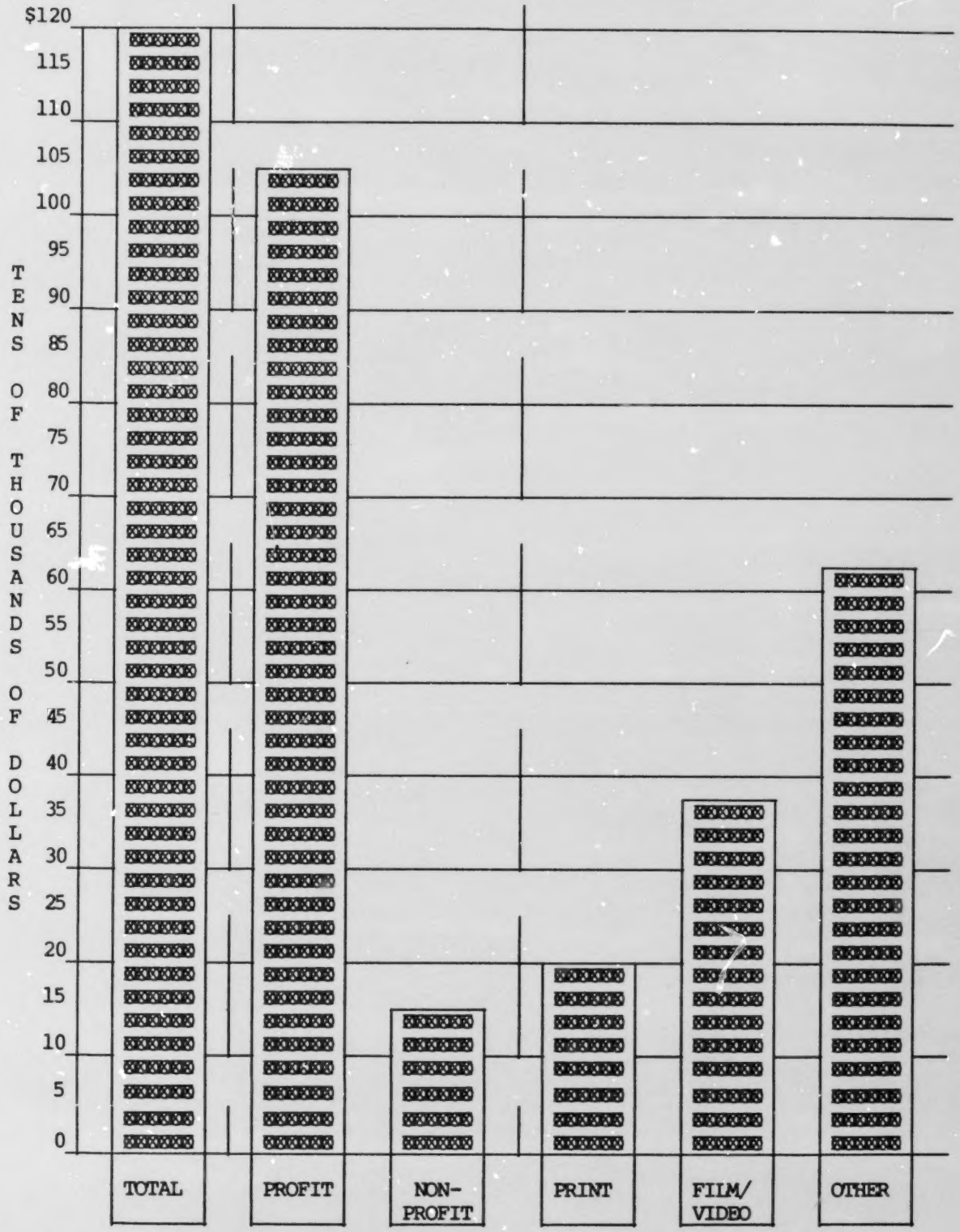


CHART #4A

WHAT WERE THE COMPANY'S COSTS FOR EACH OF THE FOLLOWING PROCESSES FOR THIS OSE PRODUCT?

Profit/Nonprofit:	Profit Products (28) Dollars	Percent	Nonprofit Products (7) Dollars	Percent	Total Products (35) Dollars	Percent
Editorial	$ 87,540	17.1%.	$ 13,734	12.0%	$101,274	16.2%
Production	142,098	27.8	7,254	6.3	149,352	23.9
Packaging	10,312	2.0	3,840	3.4	14,152	2.2
Manufacturing	271,335	53.1	89,550	78.3	360,885	57.7
Total	$511,285	100.0%	$114,378	100.0%	$625,663	100.0%

Profit vs. Nonprofit: Nonprofit organizations spent 5% less for editorial purposes, primarily because many of them are distributing their own products. Nonprofit organizations spent 21.5% less on production, probably because their products were more print, rather than film. Nonprofits spent 25.2% more on manufacturing, probably because for profit organizations can take advantage of high volume discounts from labs, printers, etc.

FIGURE #4A

WHAT WERE THE COMPANY'S COSTS FOR EACH OF THE FOLLOWING PROCCESSES FOR THIS OSE PRODUCT?

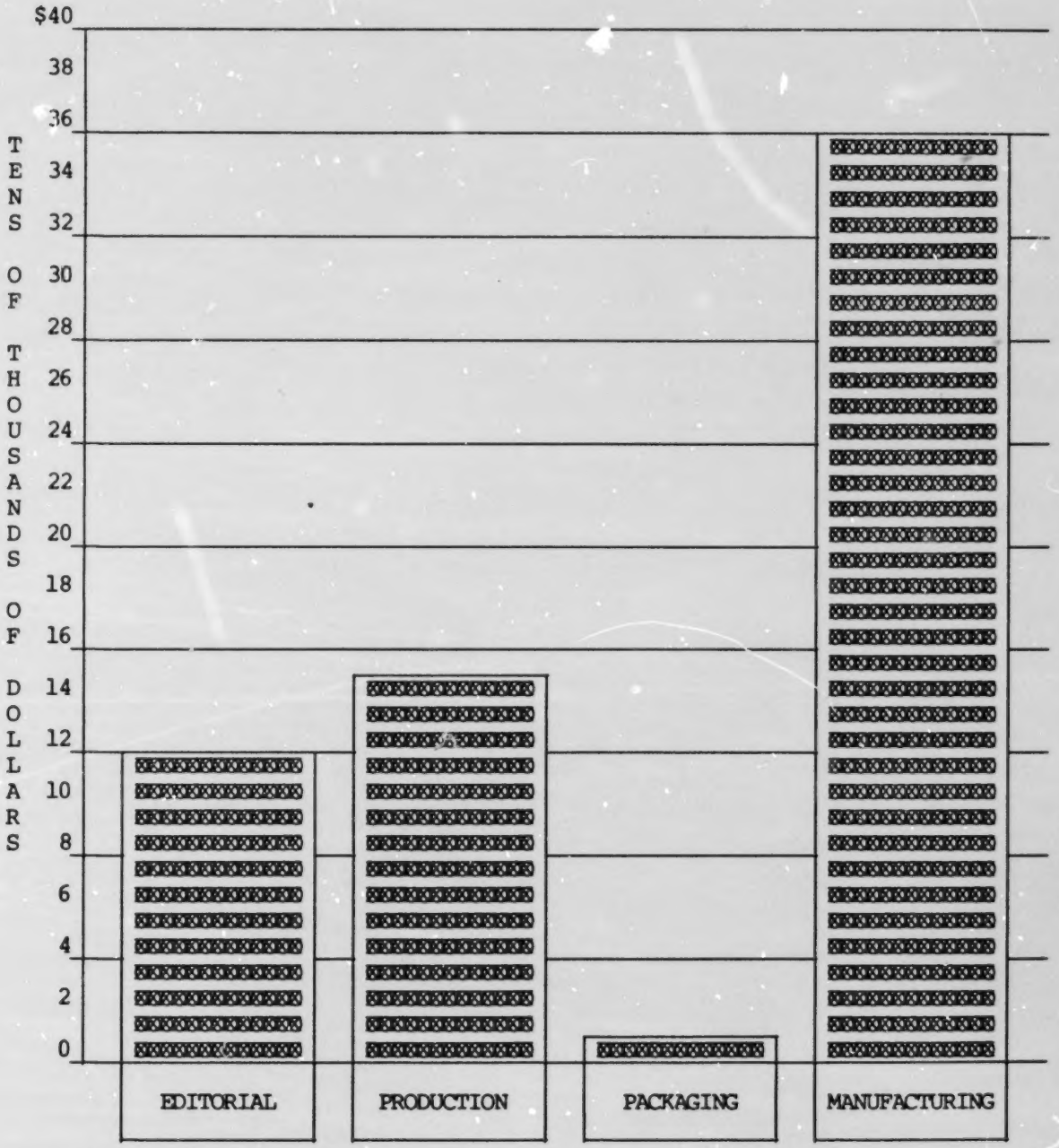


CHART #4B

WHAT WERE THE COMPANY'S COSTS FOR EACH OF THE FOLLOWING PROCESSES FOR THIS OSE PRODUCT?

	Print Products (16)		Film/Video Products (11)		Other Products (8)		Total Products(35)	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
By Media:								
Editorial	$ 34,875	18.9%	$ 10,800	5.4%	$ 55,599	23.1%	$101,274	16.2%
Production	36,876	20.0	72,828	36.3	39,648	16.5	149,352	23.9
Packaging	5,610	3.0	2,592	1.3	5,950	2.5	14,152	2.2
Manufacturing	107,219	58.1	114,597	57.0	139,069	57.9	360,885	57.7
Total	$184,580	100.0%	$200,817	100.0%	$240,266	100.0%	$625,663	100.0%

By Media: Editorial refinement costs (as a percentage) were highest for "other" media at 23.1% vs. 18.9% for print and 5.4% for film/video. The low percentage for film/video has two probable explanations: films are usually a specific expected outcome of a product development grant, which would be awarded to an entity with professional film-making experience; second, because modifications to a film are expensive, the Marketing Task Force is not apt to recommend the RFP procedure for those requiring substantial changes. Production costs, on the other hand, are higher for film. Therefore, a greater percentage is spent (36.3%) than for print (20%) or other media products. Film/video packaging usually consists only of a film can. Therefore, packaging costs are least for film/video (1.3%); print and "other" media are fairly comparable. Percentages spent on manufacturing are similar for all media formats.

FIGURE #4B

WHAT WERE THE COMPANY'S COSTS FOR EACH OF THE FOLLOWING PROCCESSES FOR THIS OSE PRODUCT?

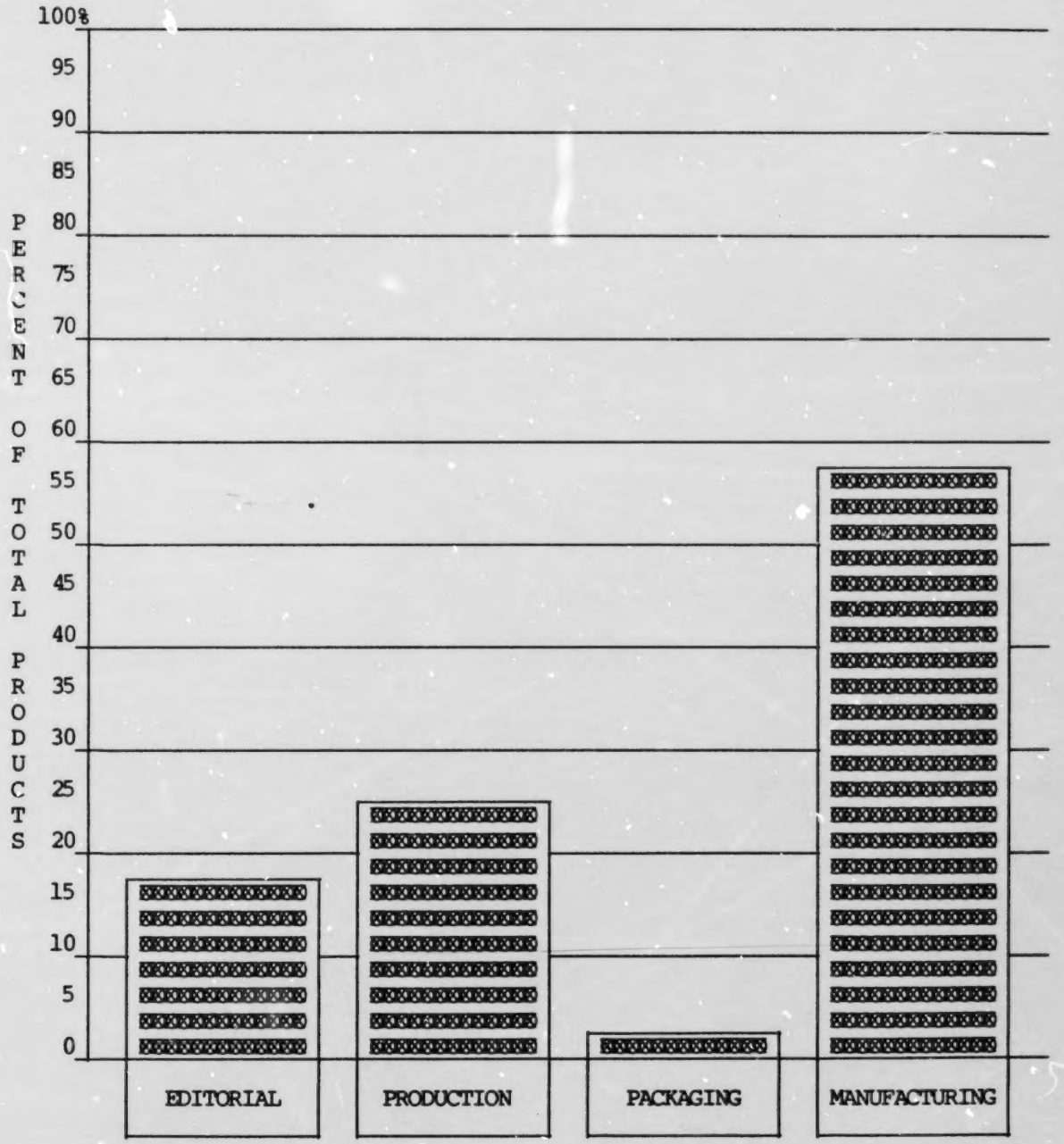


CHART #5A

HAS THE COMPANY ACQUIRED ALREADY DEVELOPED OR COMPLETED PROGRAMS FROM SOURCES OTHER THAN THE MLP?

	YES	NO	TOTAL
Profit/Nonprofit:			
Profit Products (38)	97.4%	2.6%	100.0%
Nonprofit Products (16)	56.2	43.8	100.0
Total Products (54)	85.2%	14.8%	100.0%
By Media:			
Print Products (26)	76.9%	23.1%	100.0%
Film/Video Products (17)	88.2	11.8	100.0
Other Products (11)	100.0	-	100.0
Total Products (54)	85.2%	14.8%	100.0%

FIGURE #5A

HAS THE COMPANY ACQUIRED ALREADY DEVELOPED OR COMPLETED PROGRAMS FROM SOURCES OTHER THAN THE MLP?

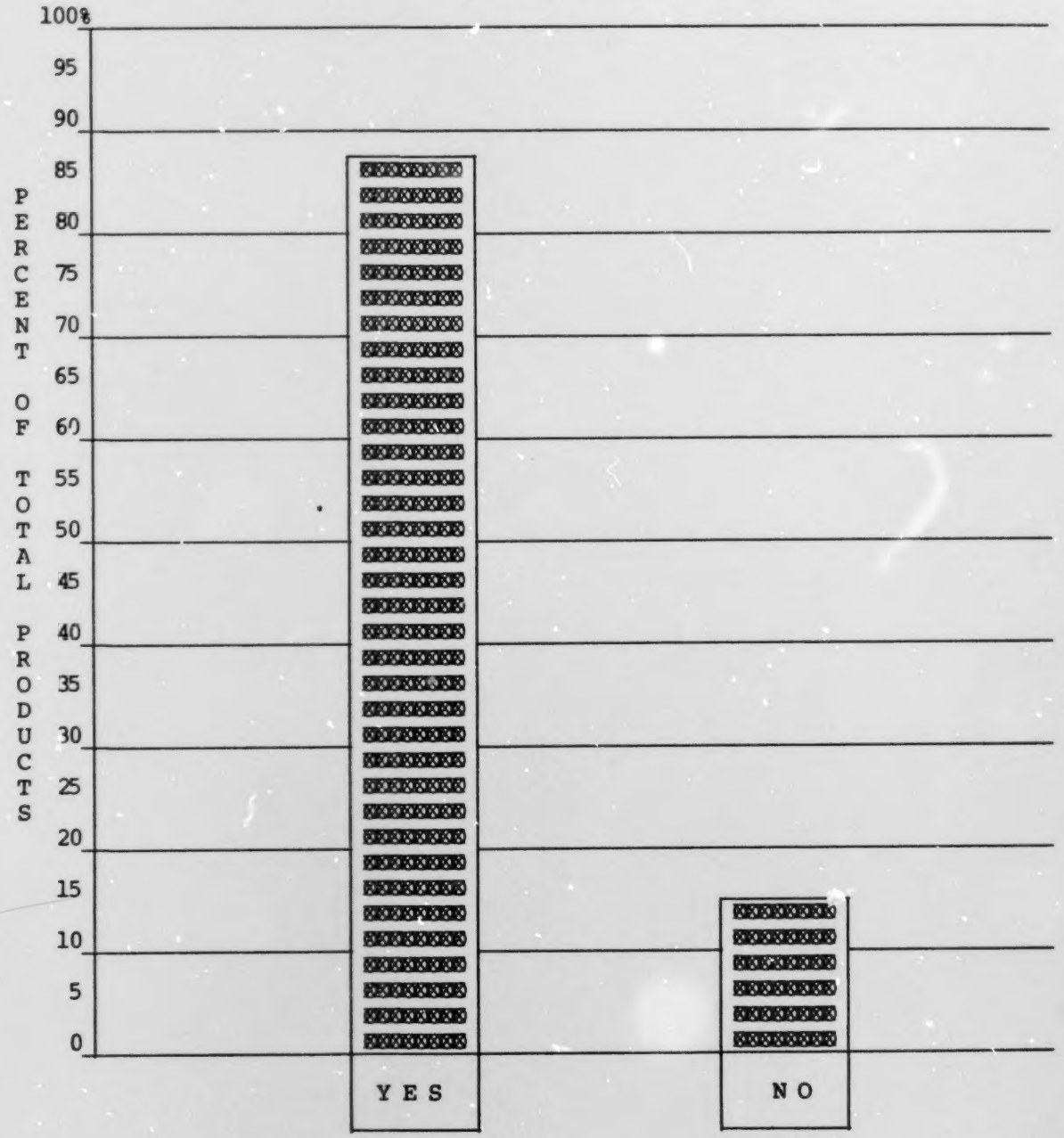


CHART #5B

IF THE COMPANY HAS ACQUIRED PROGRAMS FROM OTHER SOURCES, WERE THE REFINEMENTS MADE TO THOSE PRODUCTS SIMILAR TO THE REFINEMENTS MADE TO THE OSE PRODUCT?

	YES	NO	TOTAL
Profit/Nonprofit:			
Profit Products (37)	78.4%	21.6%	100.0%
Nonprofit Products (9)	33.3	66.7	100.0
Total Products (46	69.6%	30.4%	100.0%
By Media:			
Print Products (20)	65.0%	35.0%	100.0%
Film/Video Products (15)	80.0	20.0	100.0
Other Products (11)	63.6	36.4	100.0
Total Products (46)	69.6%	30.4%	100.0%

FIGURE #5B

IF THE COMPANY HAS ACQUIRED PROGRAMS FROM OTHER SOURCES, WERE THE REFINEMENTS MADE TO THOSE PRODUCTS SIMILAR TO THOSE MADE TO THE OSE PRODUCT?

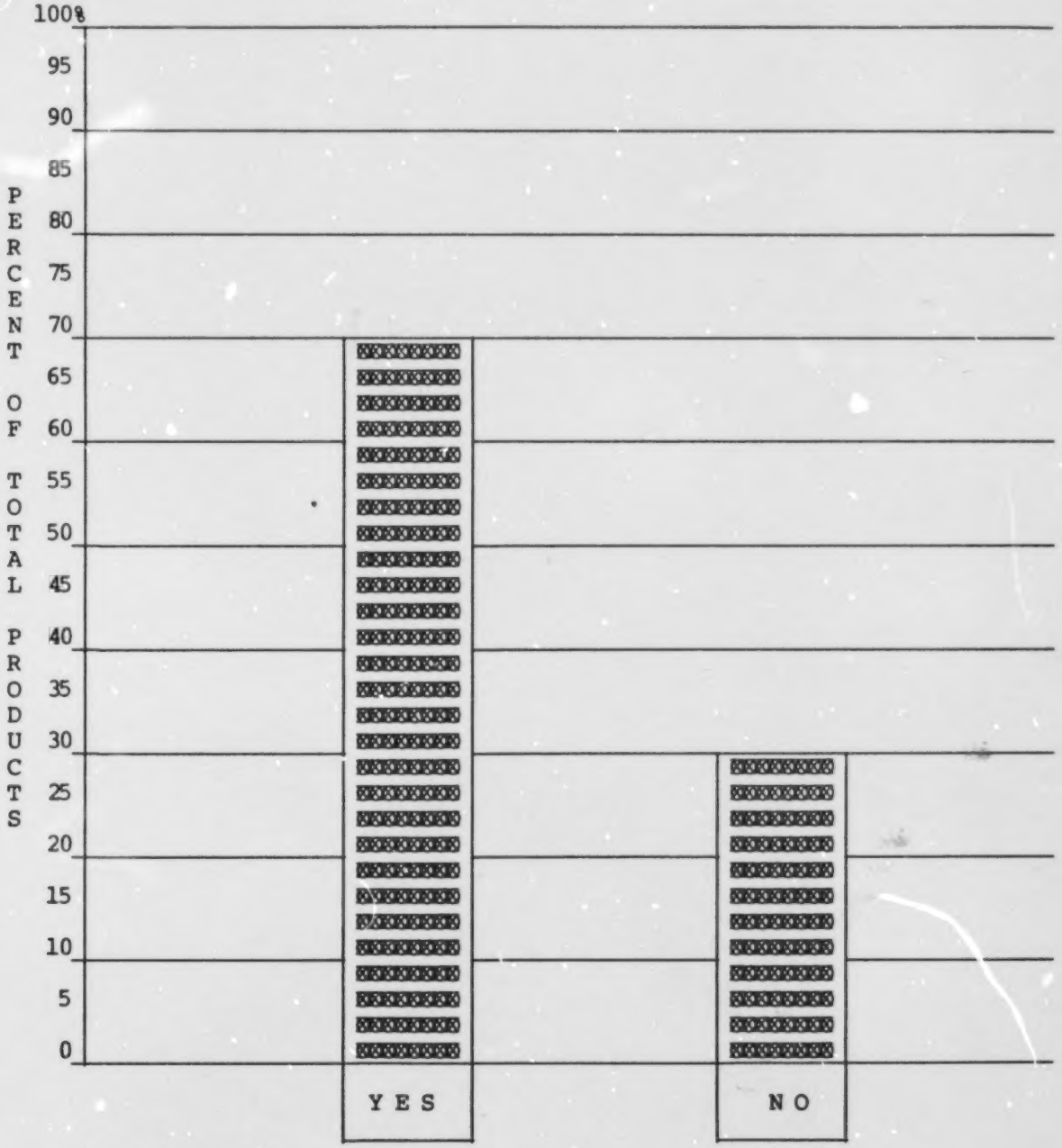


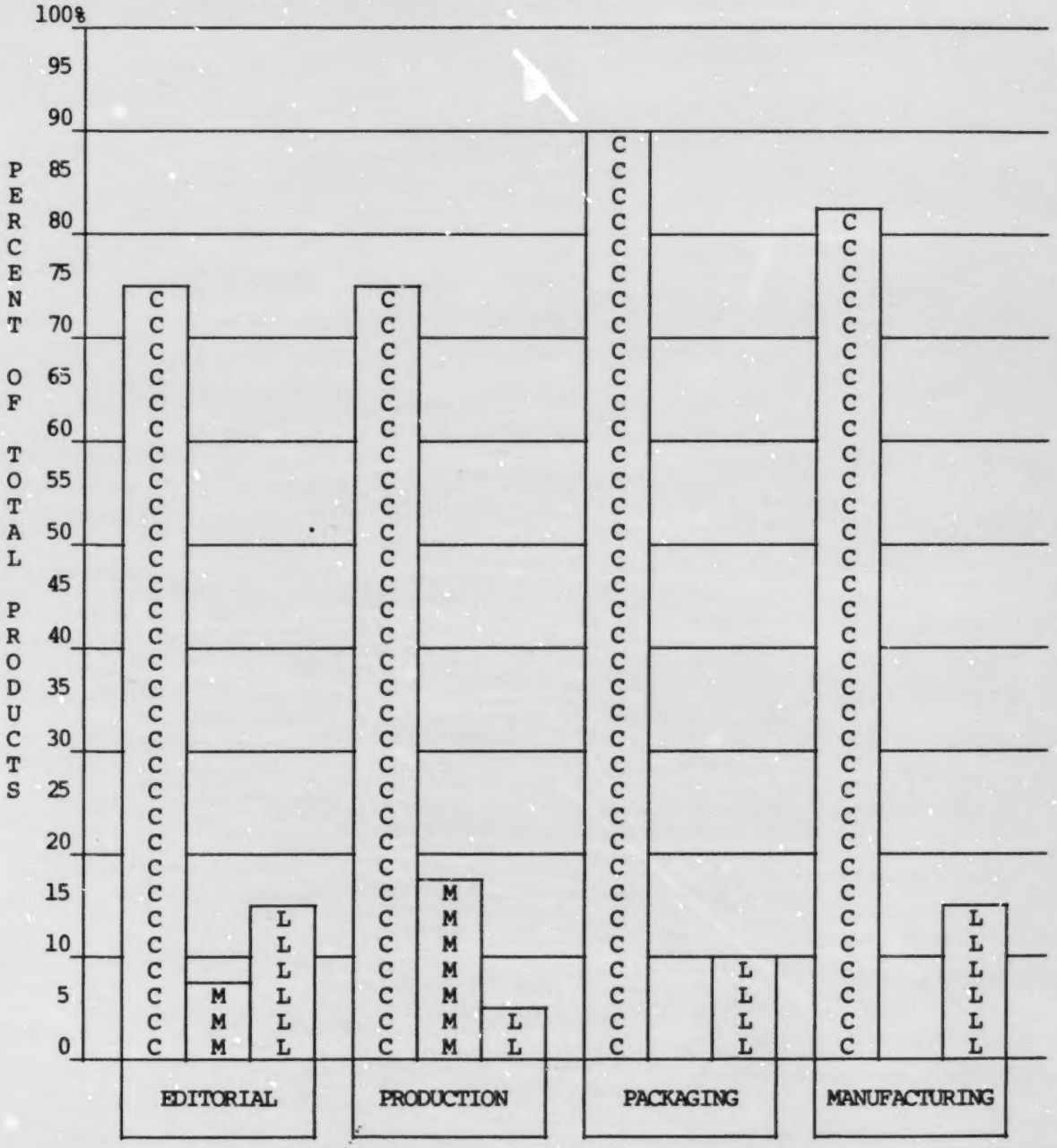
CHART #5C

IF THE COMPANY HAS ACQUIRED PROGRAMS FROM OTHER SOURCES AND THE REFINEMENTS WERE SIMILAR TO THE OSE PRODUCT REFINEMENTS, HOW DO THE REFINEMENT COSTS FOR THE OSE PRODUCT GENERALLY COMPARE TO THOSE FOR THE NON-MLP PRODUCT?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (29):				
Editorial	72.4%	10.4%	17.2%	100.0%
Production	72.4	20.7	6.9	100.0
Packaging	89.7	-	10.3	100.0
Manufacturing	79.3	-	20.7	100.0
Nonprofit Products (3):				
Editorial	100.0%	-	-	100.0%
Production	100.0	-	-	100.0
Packaging	100.0	-	-	100.0
Manufacturing	100.0	-	-	100.0
Total Products (32):				
Editorial	75.0%	9.4%	15.6%	100.0%
Production	75.0	18.7	6.3	100.0
Packaging	90.6	-	9.4	100.0
Manufacturing	81.3	-	18.7	100.0
By Media:				
Print Products (13):				
Editorial	76.9%	15.4%	7.7%	100.0%
Production	92.3	7.7	-	100.0
Packaging	92.3	-	7.7	100.0
Manufacturing	100.0	-	-	100.0
Film/Video Products (12):				
Editorial	83.3%	-	16.7%	100.0%
Production	66.7	25.0%	8.3	100.0
Packaging	91.7	-	8.3	100.0
Manufacturing	66.7	-	33.3	100.0
Other Products (7):				
Editorial	57.1%	14.3%	28.6%	100.0%
Production	57.1	28.6	14.3	100.0
Packaging	85.7	-	14.3	100.0
Manufacturing	71.4	-	28.6	100.0
Total Products (32):				
Editorial	75.0%	9.4%	15.6%	100.0%
Production	75.0	18.7	6.3	100.0
Packaging	90.6	-	9.4	100.0
Manufacturing	81.3	-	18.7	100.0

FIGURE #5C

IF THE COMPANY HAS ACQUIRED PROGRAMS FROM OTHER SOURCES AND THE REFINEMENTS WERE SIMILAR, HOW DO THE REFINEMENT COSTS FOR THE OSE PRODUCT GENERALLY COMPARE TO THOSE FOR THE NON-MLP PRODUCT?



C = COMPARABLE
M = MORE
L = LESS

CHART #6A

HOW DO FIRST-RUN MANUFACTURING COSTS FOR THIS OSE PRODUCT GENERALLY COMPARE TO THOSE FOR OTHER SPECIAL EDUCATION PRODUCTS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (12)	91.7%	8.3%	-	100.0%
Nonprofit Products (35)	77.1	14.3	8.6%	100.0
Total Products (47)	80.8%	12.8%	6.4%	100.0%
By Media:				
Print Products (23)	82.6%	13.0%	4.4%	100.0%
Film/Video Products (14)	78.6	14.3	7.1	100.0
Other Products (10)	80.0	10.0	10.0	100.0
Total Products (47)	80.8%	12.8%	6.4%	100.0%

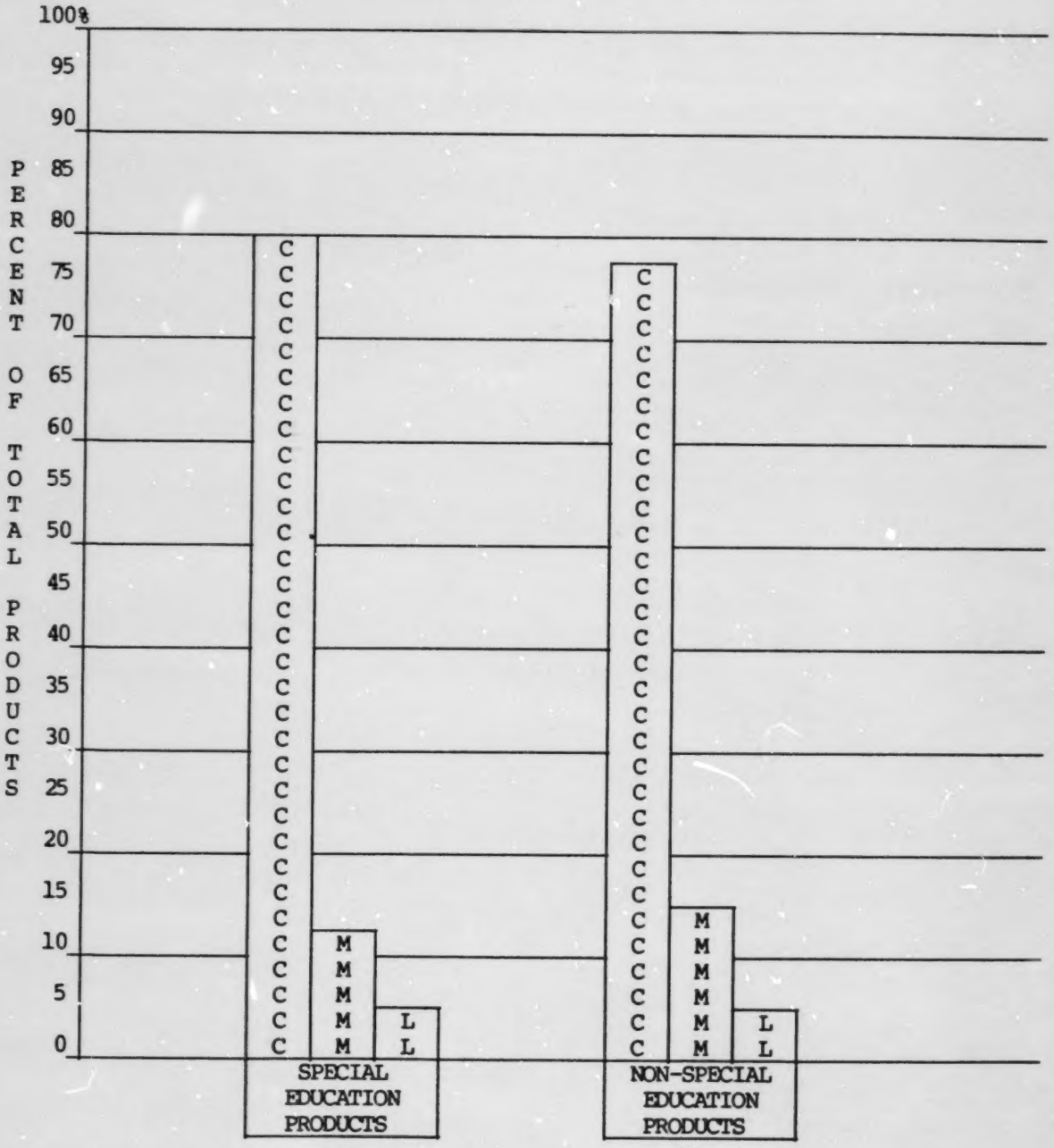
CHART #6B

HOW DO FIRST-RUN MANUFACTURING COSTS FOR THIS OSE PRODUCT GENERALLY COMPARE TO THOSE FOR OTHER NON-SPECIAL EDUCATION PRODUCTS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (24)	79.2%	16.6%	4.2%	100.0%
Nonprofit Products (8)	75.0	12.5	12.5	100.0
Total Products (32)	78.1%	15.6%	6.3%	100.0%
By Media:				
Print Products (14)	78.6%	21.4%	-	100.0%
Film/Video Products (13)	84.6	7.7	7.7%	100.0
Other Products (5)	60.0	20.0	20.0	100.0
Total Products (32)	78.1%	15.6%	6.3%	100.0%

FIGURE #6

HOW DO FIRST-RUN MANUFACTURING COSTS FOR THIS OSE PRODUCT GENERALLY COMPARE TO THOSE FOR OTHER SPECIAL EDUCATION PRODUCTS AND TO THOSE FOR OTHER NON-SPECIAL EDUCATION PRODUCTS?



C = COMPARABLE
M = MORE
L = LESS

CHART #7

DOES THE COMPANY MARKET THE OSE PRODUCT ANY DIFFERENTLY THAN OTHER PRODUCTS IN THE PRODUCT LINE?

	YES	NO	TOTAL
Profit/Nonprofit:			
Profit Products (38)	13.2%	86.8%	100.0%
Nonprofit Products (15)	-	100.0	100.0
Total Products (53)	9.4%	90.6%	100.0%
By Media:			
Print Products (25)	8.0%	92.0%	100.0%
Film/Video Products (17)	5.9	94.1	100.0
Other Products (11)	18.2	81.8	100.0
Total Products (53)	9.4%	90.6%	100.0%

FIGURE #7

DOES THE COMPANY MARKET THE OSE PRODUCT ANY DIFFERENTLY THAN OTHER PRODUCTS IN THE PRODUCT LINE?

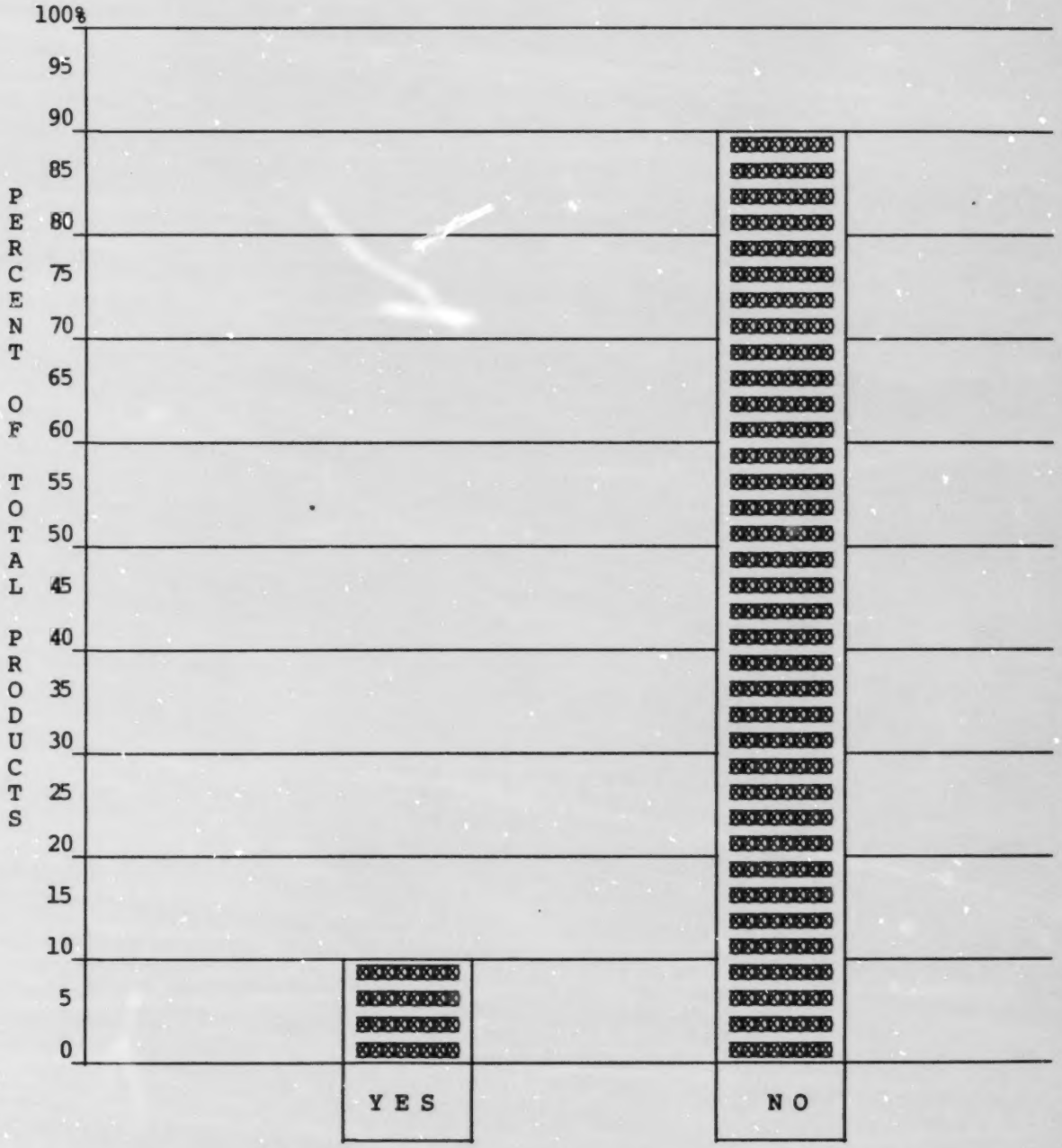


CHART #8

HOW DOES THE COMPANY MARKET THIS OSE PRODUCT?

Profit/Nonprofit:	Profit Products (38)	Nonprofit Products (16)	Total Products (54)
Catalog	84.2%	81.3%	83.3%
Convention	68.4	75.0	70.4
Special Brochure	63.2	87.5	70.4
Journal/Magazine Ad	65.8	43.8	59.3
Sales Force	60.5	6.3	44.4
Telephone	42.1	25.0	37.0
Other	28.9	50.0	35.2

By Media:	Print Products (26)	Film/Video Products (17)	Other Products (11)	Total Products (54)
Catalog	69.2%	100.0%	90.9%	83.3%
Convention	53.8	94.1	72.7	70.4
Special Brochure	46.2	100.0	81.8	70.4
Journal/Magazine Ad	42.3	76.5	72.7	59.3
Sales Force	30.8	76.5	27.3	44.4
Telephone	15.4	76.5	27.3	37.0
Other	38.5	23.5	45.5	35.2

NOTE: "Other" includes press releases, workshops and seminars, developer demonstrations, previews, film festivals, and free journal notices.

FIGURE #8

HOW DOES THE COMPANY MARKET THIS OSE PRODUCT?

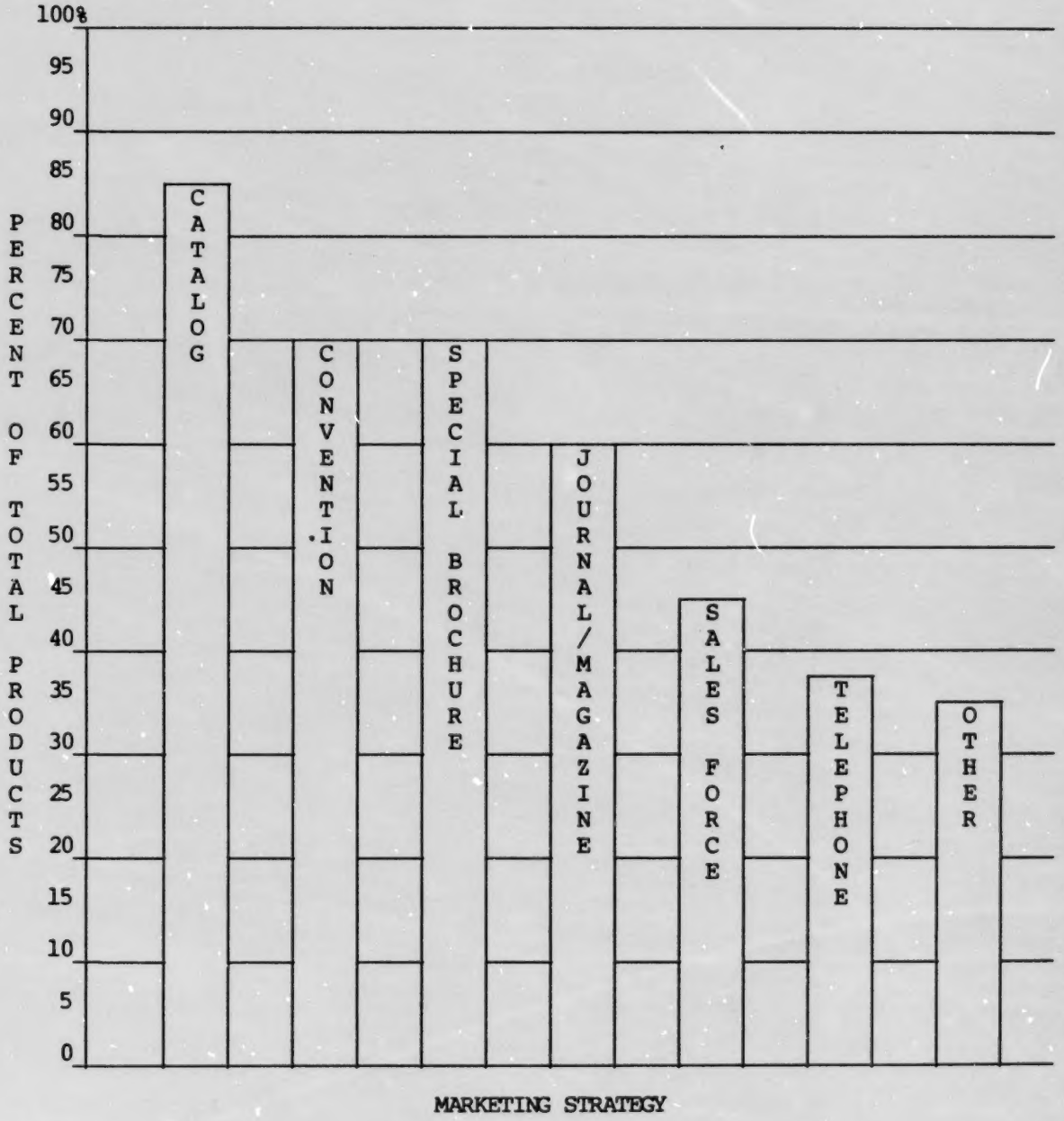


CHART #9

WHAT WERE THE ESTIMATED FIRST YEAR MARKETING COSTS FOR THE OSE PRODUCT (INCLUDE EXPENSES OF JOURNAL/MAGAZINE ADS, SPECIAL BROCHURES, CATALOGS, CONVENTIONS, SOFTWARE DEALERS, DIRECT SALES FORCE, COMMISSIONED AGENTS, TELEPHONE SALES, CUSTOMER SERVICE, AND ORDER FULFILLMENT)?

	HIGH	LOW	TOTAL	AVERAGE
Profit/Nonprofit:				
Profit Products (30)	$ 75,000	$ 500	$ 687,369	$ 22,912
Nonprofit Products (11)	12,000	300	30,447	2,768
Total Products (41)	$ 75,000	$ 300	$ 717,816	$ 17,508
By Media:				
Print Products (17)	$ 75,000	$ 300	$ 406,891	$ 23,935
Film/Video Products (19)	30,000	500	53,060	5,896
Other Products (15)	60,000	1,000	257,865	17,191
Total Products (41)	$ 75,000	$ 300	$ 717,816	$ 17,508

FIGURE #9

WHAT WERE THE ESTIMATED FIRST YEAR MARKETING COSTS FOR THE OSE PRODUCT?

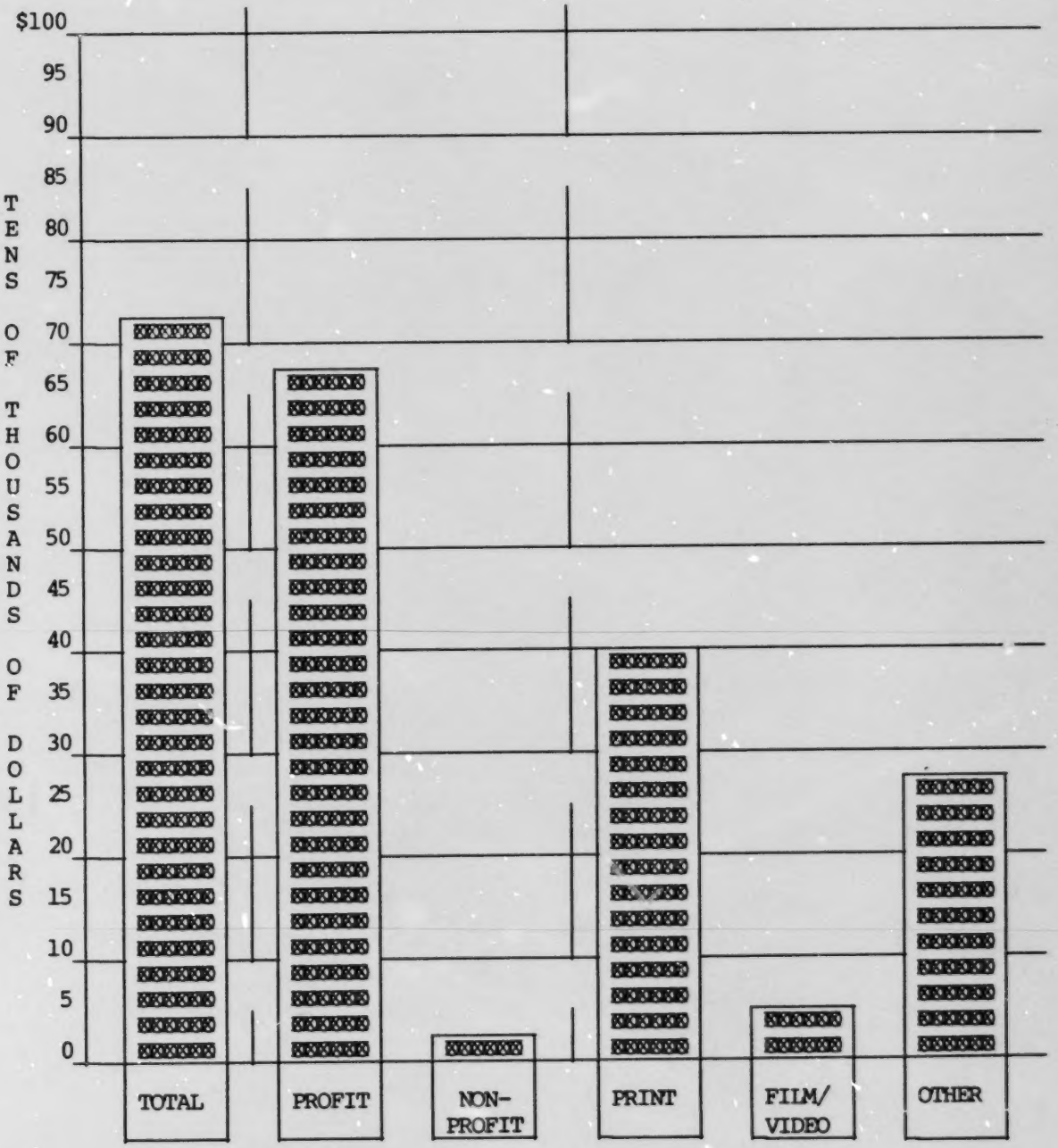


CHART #10A

HOW DO THE COMPANY'S MARKETING EXPENDITURES FOR THE OSE PRODUCT (AS A % OF GROSS SALES) GENERALLY COMPARE WITH THOSE FOR OTHER SPECIAL EDUCATION PRODUCTS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (37)	73.0%	18.9%	8.1%	100.0%
Nonprofit Products (11)	100.0	-	-	100.0
Total Products (48)	79.2%	14.6%	6.2%	100.0%
By Media:				
Print Products (22)	86.4%	9.1%	4.5%	100.0%
Film/Video Products (16)	75.0	18.8	6.2	100.0
Other Products (10)	70.0	20.0	10.0	100.0
Total Products (48)	79.2%	14.6%	6.2%	100.0%

CHART #10B

HOW DO THE COMPANY'S MARKETING EXPENDITURES FOR THE OSE PRODUCT (AS A % OF GROSS SALES) GENERALLY COMPARE WITH THOSE FOR OTHER NON-SPECIAL EDUCATION PRODUCTS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (32)	75.0%	21.9%	3.1%	100.0%
Nonprofit Products (7)	57.1	14.3	28.6	100.0
Total Products (39)	71.8%	20.5%	7.7%	100.0%
By Media:				
Print Products (18)	83.3%	16.7%	-	100.0%
Film/Video Products (16)	75.0	18.8	6.2%	100.0
Other Products (5)	20.0	40.0	40.0	100.0
Total Products (39)	71.8%	20.5%	7.7%	100.0%

FIGURE #10

HOW DO THE COMPANY'S MARKETING EXPENDITURES FOR THE OSE PRODUCT GENERALLY COMPARE WITH THOSE FOR OTHER SPECIAL EDUCATION PRODUCTS AND WITH THOSE FOR OTHER NON-SPECIAL EDUCATION PRODUCTS?

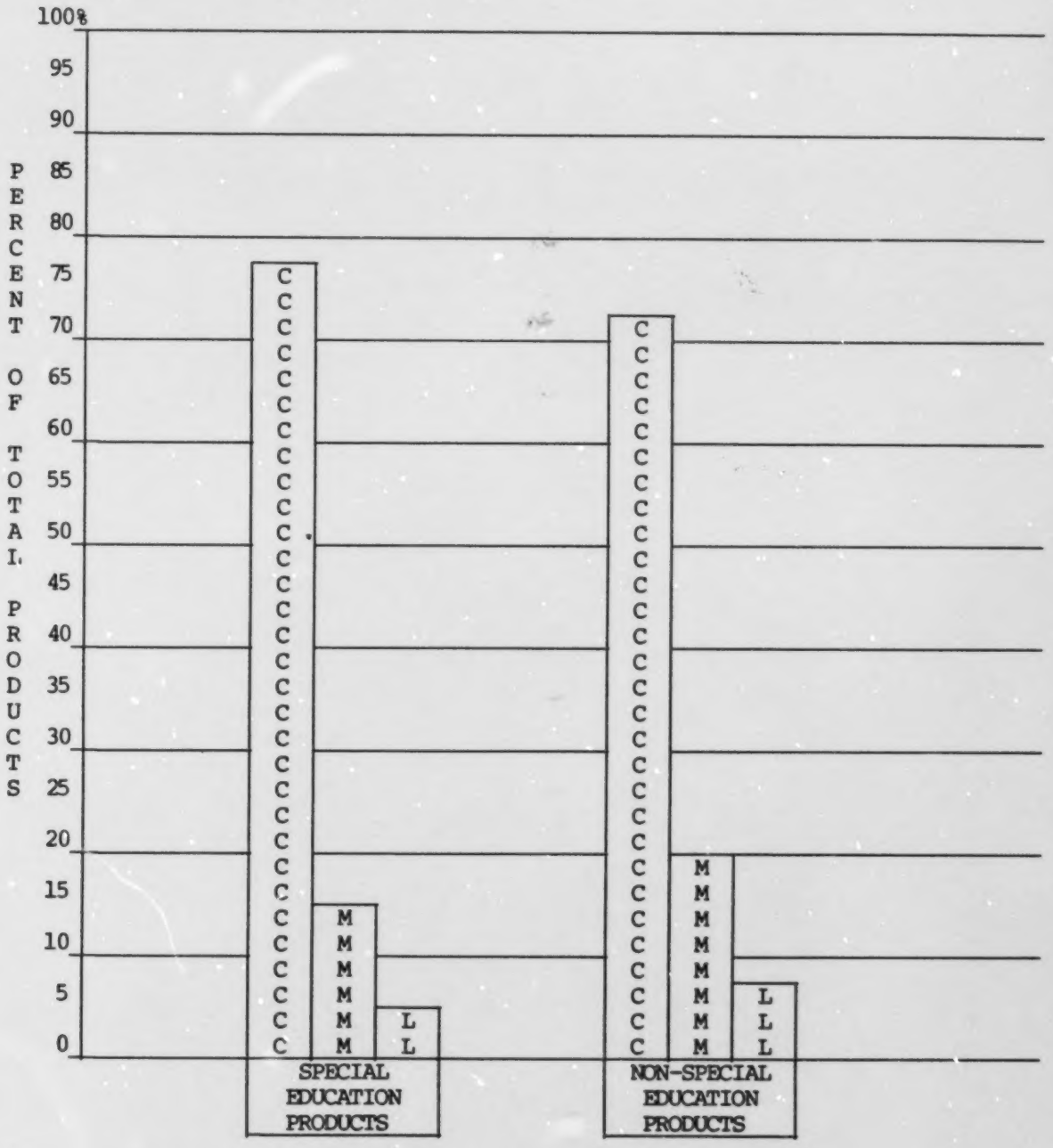


CHART #11A

HOW DO THE COMPANY'S COSTS FOR ORDER FULFILLMENT, BILLING, AND CUSTOMER SERVICE FOR THE OSE PRODUCT GENERALLY COMPARE WITH THOSE FOR OTHER SPECIAL EDUCATION PRODUCTS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (38)	94.7%	5.3%	-	100.0%
Nonprofit Products (12)	91.7	-	8.3%	100.0
Total Products (50)	94.0%	4.0%	2.0%	100.0%
By Media:				
Print Products (24)	91.6%	4.2%	4.2%	100.0%
Film/Video Products (16)	100.0	-	-	100.0
Other Products (10)	90.0	10.0	-	100.0
Total Products (50)	94.0%	4.0%	2.0%	100.0%

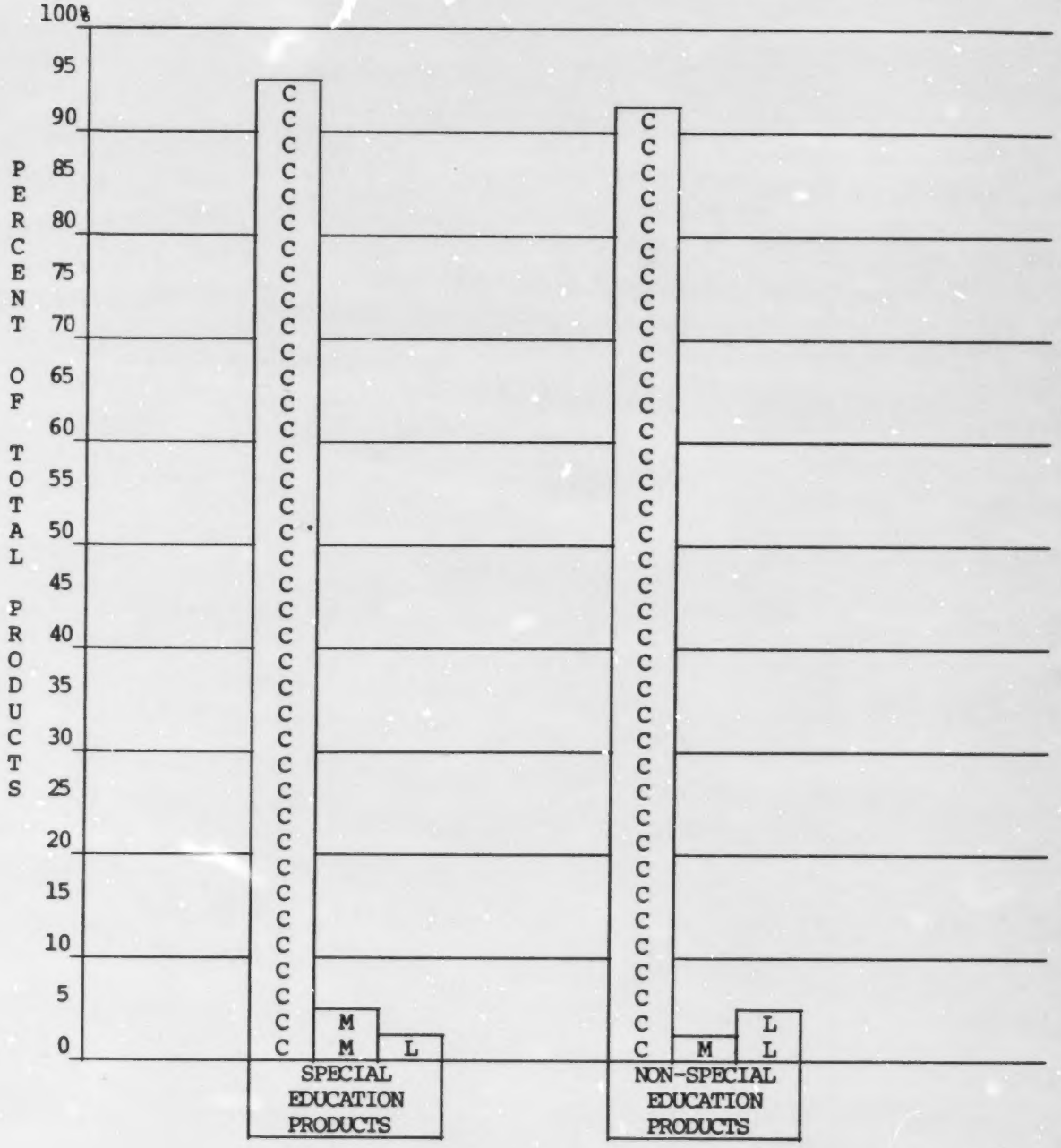
CHART #11B

HOW DO THE COMPANY'S COSTS FOR ORDER FULFILLMENT, BILLING, AND CUSTOMER SERVICE FOR THE OSE PRODUCT GENERALLY COMPARE WITH THOSE FOR OTHER NON-SPECIAL EDUCATION PRODUCTS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (32)	93.8%	3.1%	3.1%	100.0%
Nonprofit Products (7)	85.7	-	14.3	100.0
Total Products (39)	92.3%	2.6%	5.1%	100.0%
By Media:				
Print Products (19)	84.2%	5.3%	10.5%	100.0%
Film/Video Products (16)	100.0	-	-	100.0
Other Products (4)	100.0	-	-	100.0
Total Products (39)	92.3%	2.6%	5.1%	100.0%

FIGURE #11

HOW DO THE COMPANY'S COST FOR ORDER FULFILLMENT, BILLING, AND CUSTOMER SERVICE FOR THE OSE PRODUCT GENERALLY COMPARE WITH THOSE FOR OTHER SPECIAL EDUCATION PRODUCTS AND WITH THOSE FOR OTHER NON-SPECIAL EDUCATION PRODUCTS?



C = COMPARABLE
M = MORE
L = LESS

CHART #12A

HOW MUCH TIME (IN WEEKS) ELAPSED BETWEEN NOTIFICATION OF AWARD OF DISTRIBUTION RIGHTS TO THIS OSE PRODUCT AND RECEIPT OF THE COMPLETE PRODUCT FROM LINC (OR THE DEVELOPER)?

	NONE	UP TO 5 WKS.	5-8. WKS.	9-13 WKS.	14-26 WKS.	27-52 WKS.	OVER 52 WKS.	STILL DON'T HAVE	TOTAL
Profit/Nonprofit:									
Profit Products (37,	8.1%	43.3%	13.5%	8.1%	10.8%	2.7%	2.7%	10.8%	100.0%
Nonprofit Products (12)	83.3	16.7	-	-	-	-	-	-	100.0
Total Products (49)	26.5%	36.7%	10.2%	6.1%	8.2%	2.0%	2.0%	8.2%	99.9%
By Media:									
Print Products (21,	19.0%	33.3%	14.3%	9.5%	-	4.8%	-	19.0%	99.9%
Film/Video Products (17)	23.5	52.9	11.8	-	11.8%	-	-	-	100.0
Other Products (11,	45.4	18.2	-	9.1	18.2	-	9.1%	-	100.0
Total Products (49)	26.5%	36.7%	10.2%	6.1%	8.2%	2.0%	2.0%	8.2%	99.9%

Profit/Nonprofit: Nonprofit distributors "receive" products much more quickly; in this case, the reason is that these nonprofit organizations served as the products' developers before receiving OSE distribution licenses. Only 16.7% of the products needed to be delivered to nonprofit organizations; they were received within 4 weeks. For-profit distributors, on the other hand, received only 51.4% of their products within 4 weeks; 21.6% of the products were delivered from 5-13 weeks after notification of the award; 27% took longer.

By Media: Film/video products had the best overall rate of delivery, with 76.4% being received by distributors within 4 weeks. While only 63.6% of "other" products were received within that time, 45.4% were available immed[illegible]y.

FIGURE #12A

HOW MUCH TIME ELAPSED BETWEEN NOTIFICATION OF AWARD OF DISTRIBUTION RIGHTS AND RECEIPT OF THE COMPLETE PRODUCT?

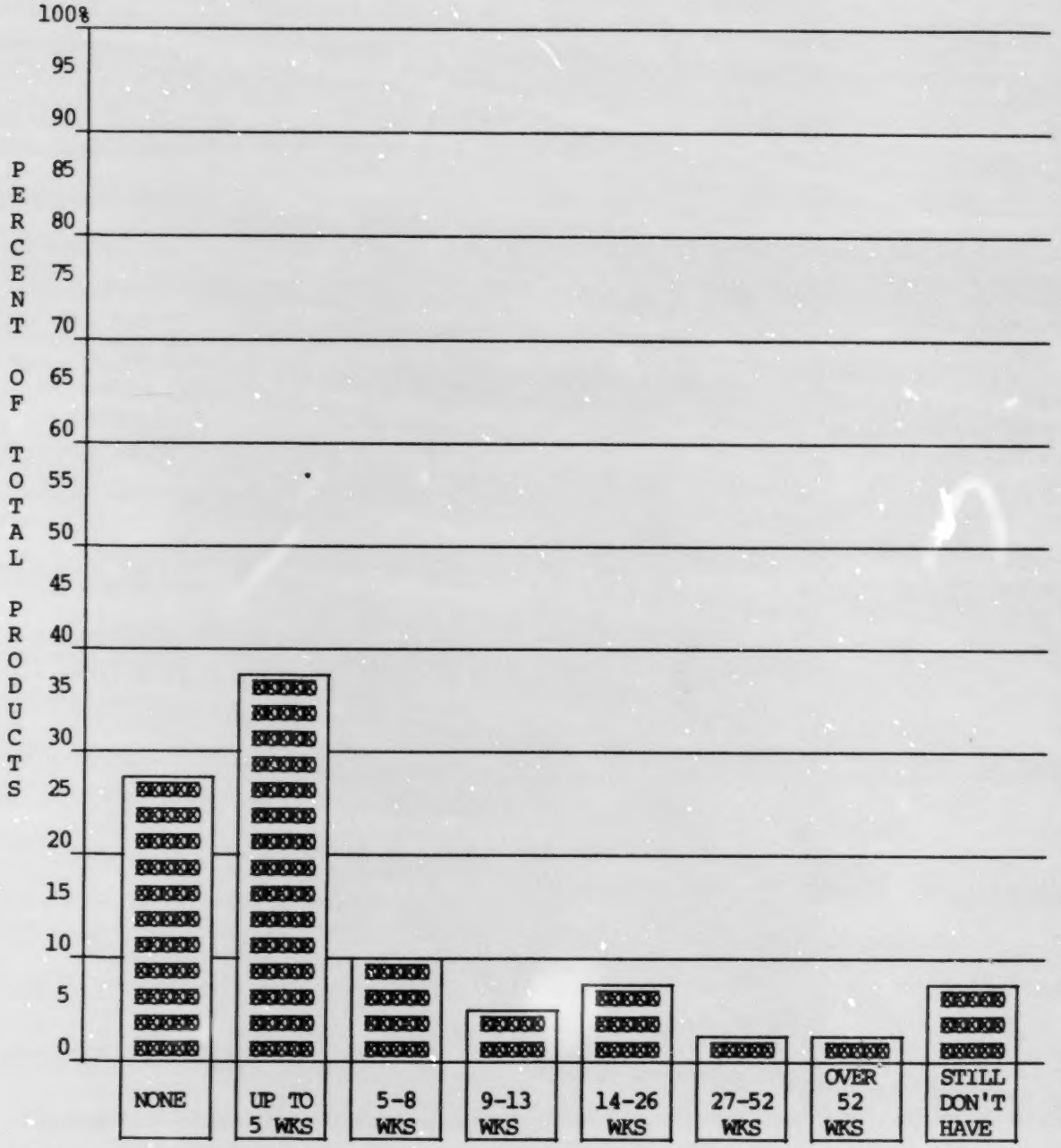


CHART #12B

HOW MUCH TIME (IN WEEKS) ELAPSED BETWEEN RECEIPT BY THE DISTRIBUTOR OF THE COMPLETE PRODUCT FROM LINC (OR THE DEVELOPER) AND AVAILABILITY OF THE PRODUCT IN THE MARKETPLACE?

	NONE	UP TO 5 WKS.	5-8. WKS.	9-13 WKS.	14-26 WKS.	27-52 WKS.	OVER 52 WKS.	TOTAL
Profit/Nonprofit:								
Profit Products (32)	3.1%	25.0%	3.1%	6.3%	28.1%	31.3%	3.1%	100.0%
Nonprofit Products (12)	8.3	25.0	8.3	16.7	41.7	-	-	100.0
Total Products (44)	4.5%	25.0%	4.5%	9.1%	31.8%	22.7%	2.3%	99.9%
By Media:								
Print Products (17)	-	17.6%	5.9%	17.6%	23.5%	35.3%	-	99.9%
Film/Video Products (17)	11.8%	41.2	5.9	-	23.5	17.6	-	100.0
Other Products (10)	-	10.0	-	10.0	60.0	10.0	10.0%	100.0
Total Products (44)	4.5%	25.0%	4.5%	9.1%	31.8%	22.7%	2.3%	99.9%

Once products had been received from the developers, 34% were on the market within 2 months, 74.9% within 6 months, and over 97% within one year. Film/video products, by virtue of their needing the least modification and packaging, were available soonest, with 53% on the market in the space of 4 weeks and 82.4% within six months.

FIGURE #12B

HOW MUCH TIME ELAPSED BETWEEN RECEIPT OF THE COMPLETE PRODUCT AND AVAILABILITY OF THE PRODUCT IN THE MARKETPLACE?

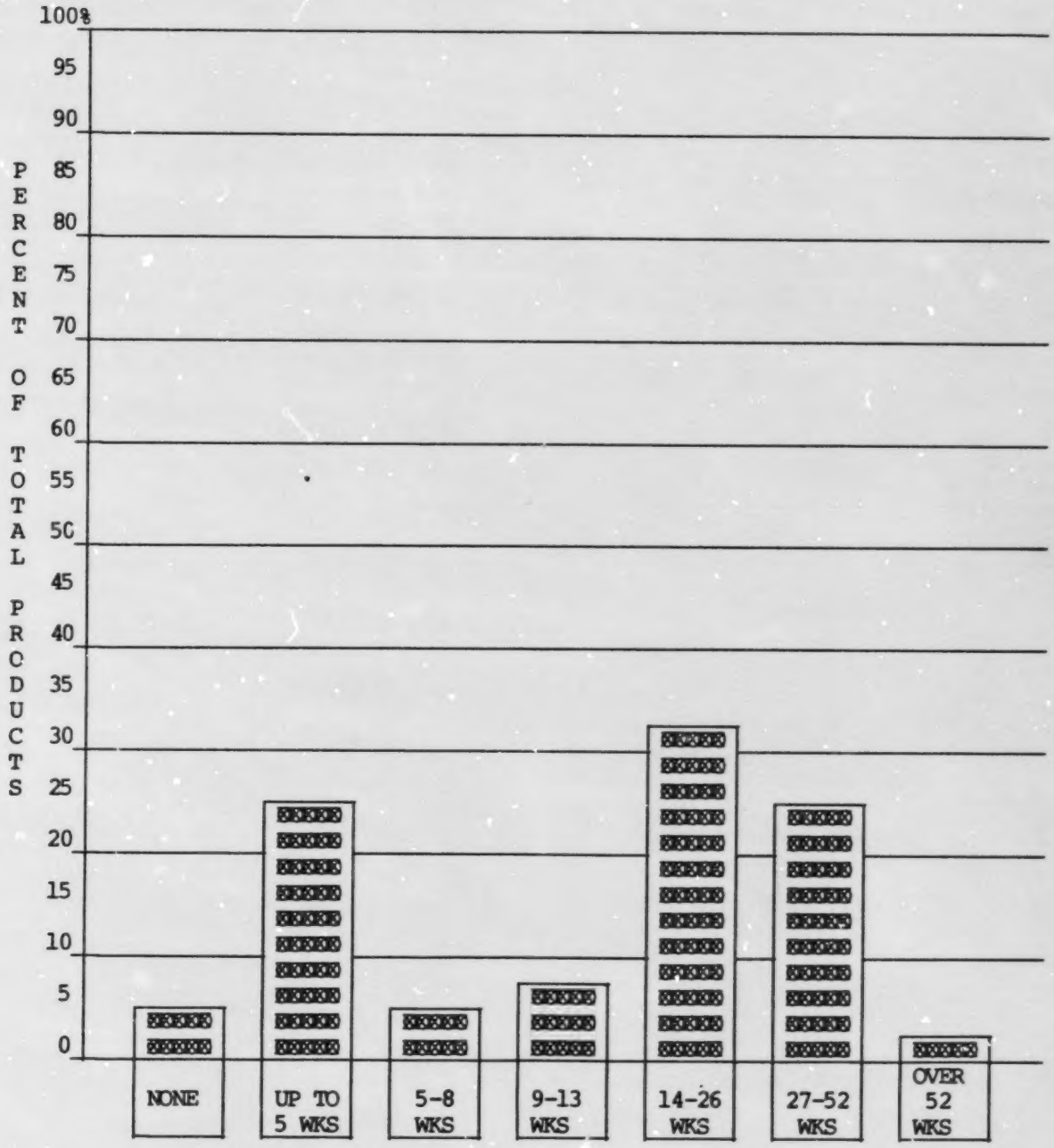


CHART #12C

HOW MUCH TIME (IN WEEKS) ELAPSED BETWEEN NOTIFICATION OF AWARD OF DISTRIBUTION RIGHTS TO THIS OSE PRODUCT AND AVAILABILITY OF THE PRODUCT IN THE MARKETPLACE?

	NONE	UP TO 14 WKS.	14-26 WKS.	27-52 WKS.	OVER 52 WKS.	STILL NOT ON MARKET	TOTAL
Profit/Nonprofit:							
Profit Products (37)	2.7%	21.6%	18.9%	29.7%	13.5%	13.5%	99.9%
Nonprofit Products (13)	7.7	53.8	38.5	-	-	-	100.0
Total Products (50)	4.0%	30.0%	24.0%	22.0%	10.0%	10.0%	100.0%
By Media:							
Print Products (22,	-	31.8%	13.6%	31.8%	4.6%	18.2%	100.0%
Film/Video Products (17)	11.8%	47.1	17.6	17.6	5.9	-	100.0
Other Products (11)	-	-	54.5	9.1	27.3	9.1	100.0
Total Products (50)	4.0%	30.0%	24.0%	22.0%	10.0%	10.0%	100.0%

FIGURE #12C

HOW MUCH TIME ELAPSED BETWEEN NOTIFICATION OF AWARD OF DISTRIBUTION RIGHTS AND AVAILABILITY OF THE PRODUCT IN THE MARKETPLACE?

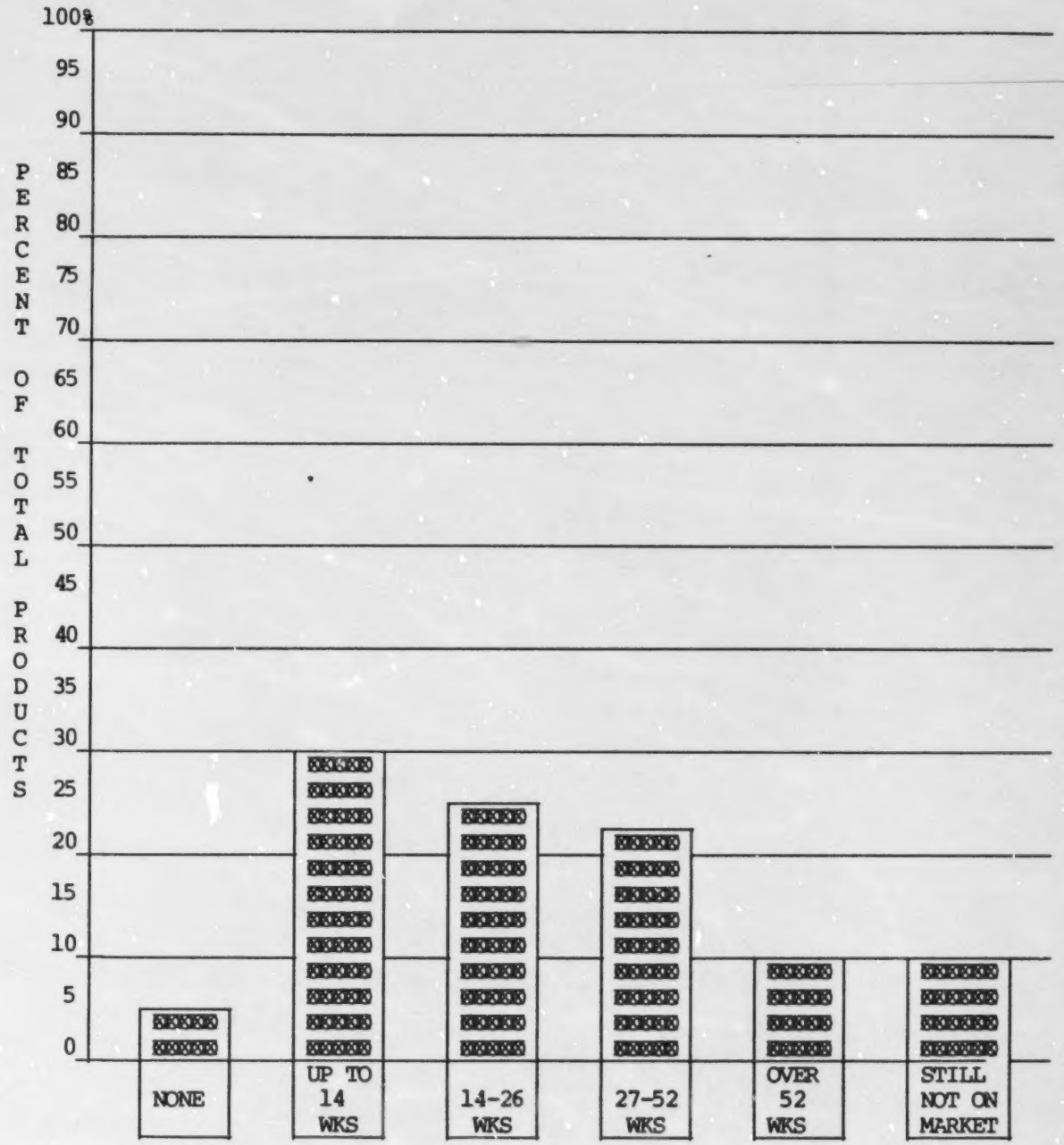


CHART #13A

HOW DO THE NUMBER OF UNITS SOLD OF THE OSE PRODUCT GENERALLY COMPARE WITH THE UNIT SALES FOR OTHER SPECIAL EDUCATION MATERIALS (SIMILAR IN PRICE AND SIZE OF USER POPULATION) DURING THE SAME TIME PERIOD?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (33)	51.5%	12.1%	36.4%	100.0%
Nonprofit Products (12)	66.7	25.0	8.3	100.0
Total Products (45)	55.6%	15.6%	28.8%	100.0%
By Media:				
Print Products (23)	60.9%	8.7%	30.4%	100.0%
Film/Video Products (12)	66.6	16.7	16.7	100.0
Other Products (10)	30.0	30.0	40.0	100.0
Total Products (45)	55.6%	15.6%	28.8%	100.0%

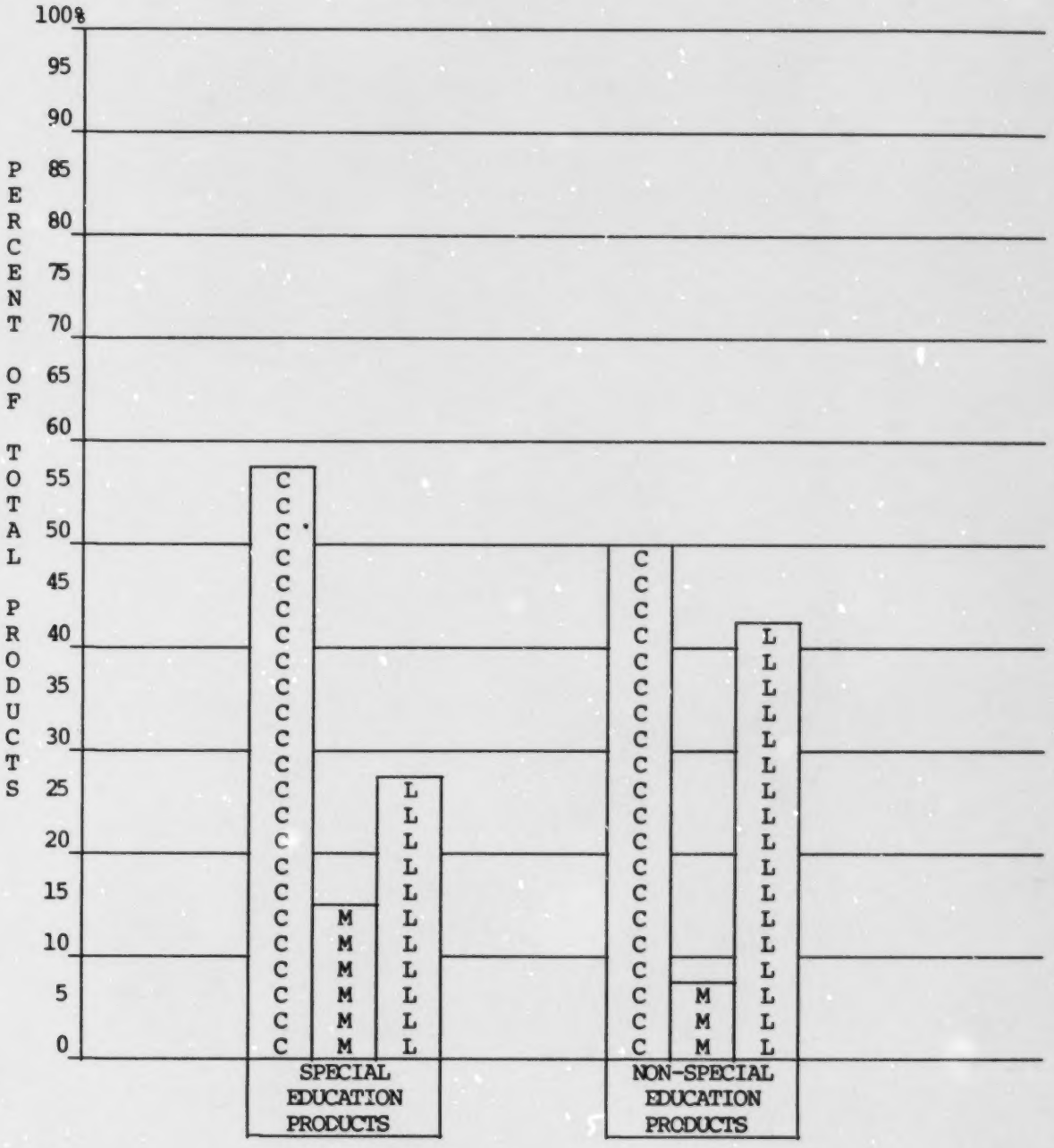
CHART #13B

HOW DO THE NUMBER OF UNITS SOLD OF THE OSE PRODUCT GENERALLY COMPARE WITH THE UNIT SALES FOR OTHER NON-SPECIAL EDUCATION MATERIALS (SIMILAR IN PRICE AND SIZE OF USER POPULATION) DURING THE SAME TIME PERIOD?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (27)	44.4%	7.4%	48.2%	100.0%
Nonprofit Products (5)	80.0	-	20.0	100.0
Total Products (32)	50.0%	6.3%	43.7%	100.0%
By Media:				
Print Products (17)	70.6%	-	29.4%	100.0%
Film/Video Products (12)	25.0	16.7%	58.3	100.0
Other Products (3)	33.3	-	66.7	100.0
Total Products (32)	50.0%	6.3%	43.7%	100.0%

FIGURE #13

HOW DO THE NUMBER OF UNITS SOLD OF THE OSE PRODUCT GENERALLY COMPARE WITH UNIT SALES FOR OTHER SPECIAL EDUCATION PRODUCTS AND NON-SPECIAL EDUCATION PRODUCTS DURING THE SAME TIME PERIOD?



C = COMPARABLE
M = MORE
L = LESS

CHART #14

HOW DO THE COMPANY'S ORIGINAL SALES ESTIMATES (IN UNITS) FOR THE OSE PRODUCT COMPARE TO THE ACTUAL SALES ACHIEVED (IN UNITS)?

	SALES AS A PERCENT OF ESTIMATE						
	UNDER 26%	26-50%	51-75%	76-100%	101-150%	OVER 150%	TOTAL
Profit/Nonprofit:							
Profit Products (22)	22.7%	4.6%	31.8%	22.7%	13.6%	4.5%	100.0%
Per Product Average: 83.0%							
Nonprofit Products (11)	18.1	9.1	9.1	9.1	27.3	27.3	100.0
Per Product Average: 99.3%							
Total Products (33)	21.2%	6.1%	24.2%	18.2%	18.2%	12.1%	100.0%
Per Product Average: 88.4%							
By Media:							
Print Products (14)	21.4%	14.3%	14.3%	21.4%	21.4%	7.2%	100.0%
Per Product Average: 76.5%							
Film/Video Products (10)	40.0	-	10.0	30.0	10.0	10.0	100.0
Per Product Average: 92.2%							
Other Products (9)	-	-	55.6	-	22.2	22.2	100.0
Per Product Average: 102.8%							
Total Products (33)	21.2%	6.1%	24.2%	18.2%	18.2%	12.1%	100.0%
Per Product Average: 88.4%							

FIGURE #14

HOW DO THE COMPANY'S ORIGINAL SALES ESTIMATES FOR THE OSE PRODUCT COMPARE TO THE ACTUAL SALES ACHIEVED?

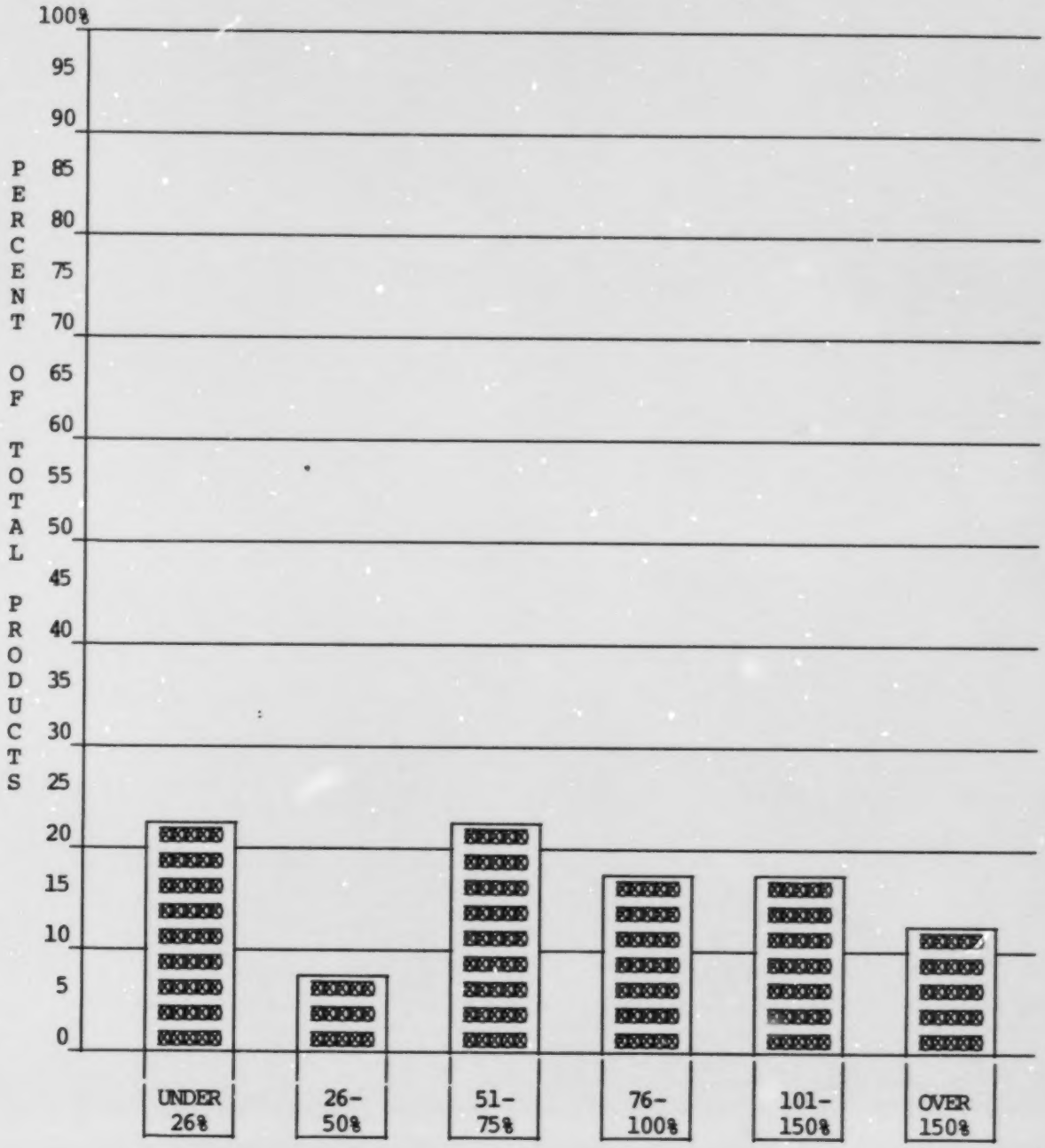


CHART #15

WHAT ARE THE TOTAL ROYALTY PAYMENTS MADE TO DATE FOR THIS OSE PRODUCT?

	ROYALTY PAYMENTS		
		AVERAGE PER PRODUCT	
	TOTAL	WITH 0% RATE PRODUCTS	WITHOUT 0% RATE PRODUCTS
Profit/Nonprofit:			
Profit Products (20/20)	$ 60,598	$ 3,030	$ 3,030
Nonprofit Products (11/4)	4,049	368	1,012
Total Products (31/24)	$ 64,647	$ 2,085	$ 2,694
By Media:			
Print Products (12/9)	$ 2,386	$ 199	$ 265
Film/Video Products (8/8)	30,432	3,804	3,804
Other Products (11/7)	31,829	2,894	4,547
Total Products (31/24)	$ 64,647	$ 2,085	$ 2,694

FIGURE #15

WHAT ARE THE TOTAL ROYALTY PAYMENTS MADE TO DATE FOR THIS OSE PRODUCT?

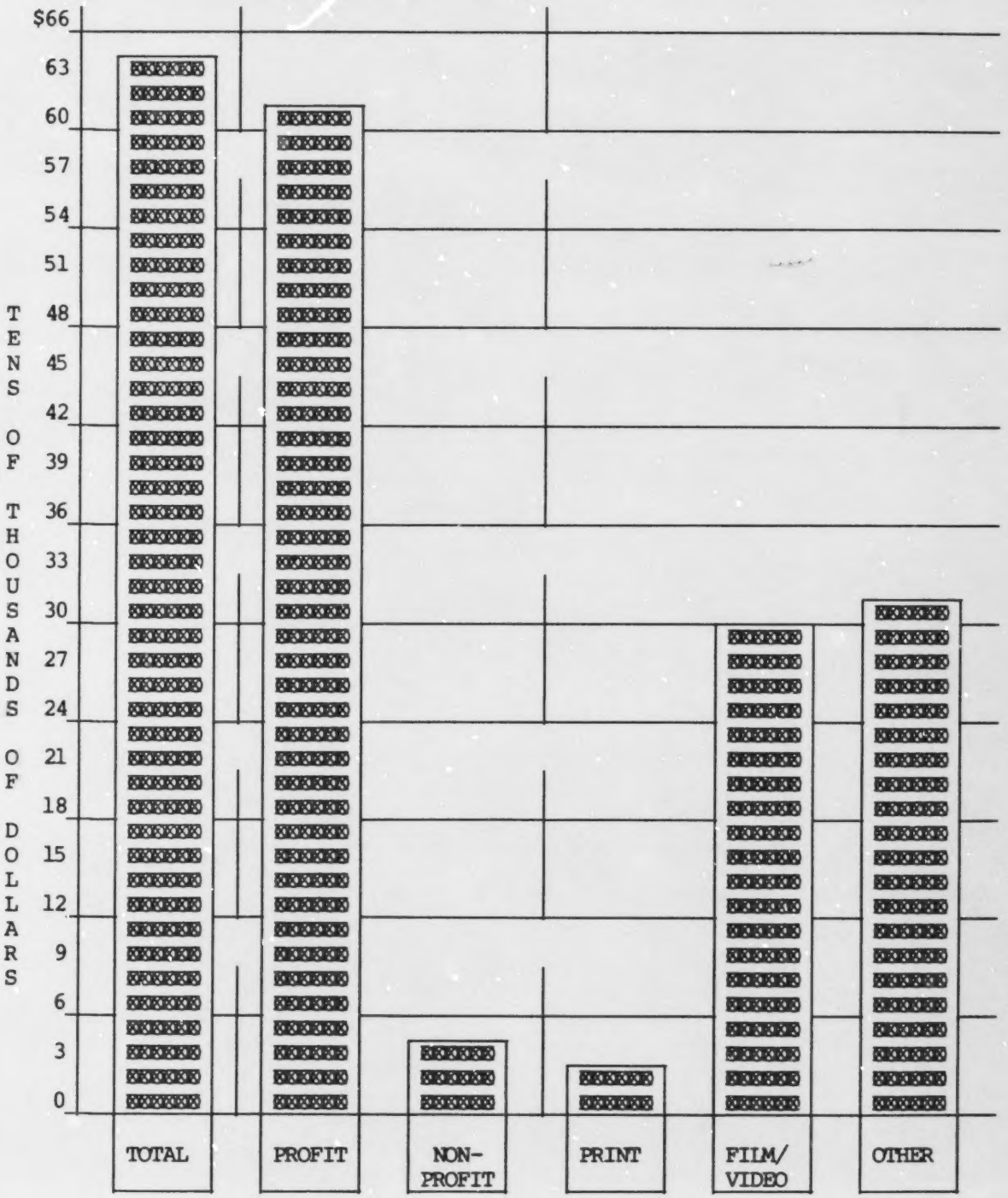


CHART #16A

HOW DOES THE RETURN-ON-INVESTMENT FOR THIS OSE PRODUCT GENERALLY COMPARE WITH THE ROI FOR OTHER SPECIAL EDUCATION MATERIALS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (33)	57.6%	9.1%	33.3%	100.0%
Nonprofit Products (10)	70.0	10.0	20.0	100.0
Total Products (43)	60.5%	9.3%	30.2%	100.0%
By Media:				
Print Products (21)	71.4%	4.8%	23.8%	100.0%
Film/Video Products (13)	38.5	15.4	46.1	100.0
Other Products (9)	66.7	11.1	22.2	100.0
Total Products (43)	60.5%	9.3%	30.2%	100.0%

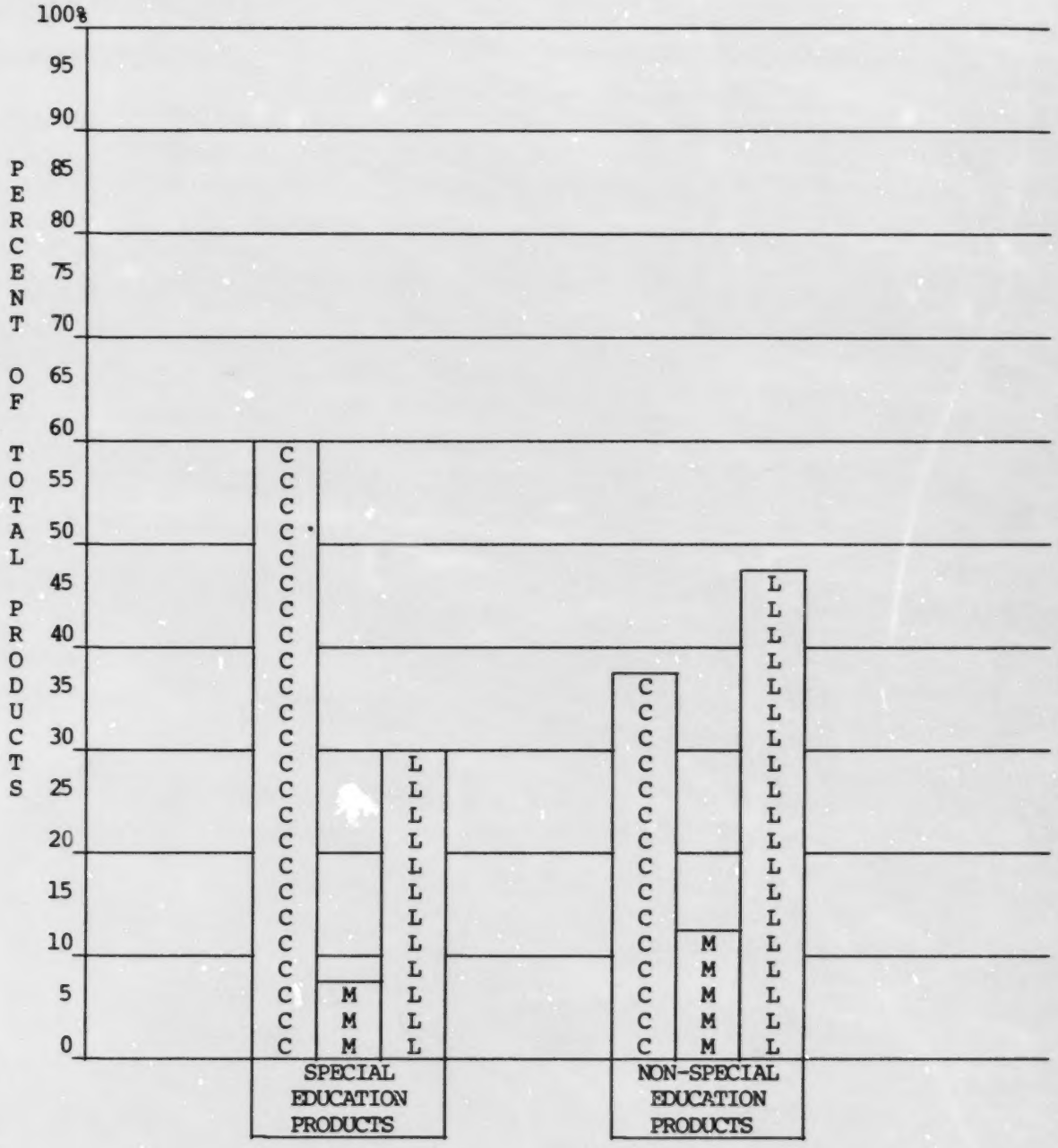
CHART #16B

HOW DOES THE RETURN-ON-INVESTMENT FOR THIS OSE PRODUCT GENERALLY COMPARE WITH THE ROI FOR OTHER NON-SPECIAL EDUCATION MATERIALS?

	COMPARABLE	MORE	LESS	TOTAL
Profit/Nonprofit:				
Profit Products (27)	44.4%	11.1%	44.4%	99.9%
Nonprofit Products (6)	16.7	16.7	66.6	100.0
Total Products (33)	39.4%	12.1%	48.5%	100.0%
By Media:				
Print Products (17)	64.7%	5.9%	29.4%	100.0%
Film/Video Products (13)	7.7	15.4	76.9	100.0
Other Products (3)	33.3	33.3	33.3	99.9
Total Products (33)	39.4%	12.1%	48.5%	100.0%

FIGURE #16

HOW DOES THE RETURN-ON-INVESTMENT FOR THE OSE PRODUCT GENERALLY COMPARE WITH THE ROI FOR OTHER SPECIAL EDUCATION MATERIALS AND FOR OTHER NON-SPECIAL EDUCATION MATERIALS?



C = COMPARABLE
M = MORE
L = LESS

CHART #17

HOW MANY OSE PRODUCTS DOES THE COMPANY CURRENTLY DISTRIBUTE?

	NUMBER OF OSE PRODUCTS							
	1	2	3	4	6	7	8	TOTAL
BY PRODUCT								
Profit/Nonprofit:								
Profit Products (42	19.0%	19.0%	7.2%	16.7%	9.5%	16.7%	11.9%	100.0%
Nonprofit Products (16)	62.5	-	37.5	-	-	-	-	100.0
Total Products (58)	31.0%	13.8%	15.5%	12.1%	6.9%	12.1%	8.6%	100.0%
By Media:								
Print Products (29,	27.6%	13.8%	17.2%	-	13.8%	24.1%	3.5%	100.0%
Film/Video Products (17)	29.4	-	11.8	41.2%	-	-	17.6	100.0
Other Products (12)	41.7	33.3	16.7	-	-	-	8.3	100.0
Total Products (58)	31.0%	13.8%	15.5%	12.1%	7.0%	12.1%	8.6%	100.0%
BY COMPANY								
Profit Companies (18)	44.4%	22.2%	5.6%	11.1%	5.6%	5.6%	5.6%	100.1%
Nonprofit Companies (12)	83.3	-	16.7	-	-	-	-	100.0
Total Companies (30.	60.0%	13.3%	10.0%	6.7%	3.3%	3.3%	3.3%	99.9%

CHART #18

IS THIS OSE PRODUCT THE COMPANY'S FIRST FOR THE SPECIAL EDUCATION MARKET?

	YES	NO	TOTAL
Profit/Nonprofit:			
Profit Products (42,	4.8%	95.2%	100.0%
Nonprofit Products (16)	37.5	62.5	100.0
Total Products (58)	13.8%	86.2%	100.0%
By Media:			
Print Products (29,	17.2%	82.8%	100.0%
Film/Video Products (17)	5.9	94.1	100.0
Other Products (12)	16.7	83.3	100.0
Total Products (58)	13.8%	86.2%	100.0%

LIST OF LICENSED PUBLISHERS AND PRODUCTS

Licensed Publisher	Product Title(s)
*American Foundation for the Blind New York, New York	Good Start! A Multimedia Approach to Meeting the Needs of Visually Handicapped Students
*American Printing House for the Blind Louisville, Kentucky	Patterns: A Primary Braille Reading Program The Preparatory Reading Program for Visually Handicapped Children (PREP) A Program to Develop Efficiency in Visual Functioning The World Book Encyclopaedia, Recorded Edition
*American University Washington, D.C.	Rose School Teacher Training Series
*Appalachia Intermediate Unit 8 Edensburg, Pennsylvania	Community-Home Assessment for Low Functioning Persons
*Auditec of St. Louis St. Louis, Missouri	Northwestern University Children's Perception of Speech Test (NU-CHIPS)
*Bernell Corporation South Bend, Indiana	Parsons Visual Acuity Test for the Severely and Profoundly Handicapped
*Calvin Communications Kansas City, Missouri	The Fortunate Few
Communication Skill Builders, Inc. Tucson, Arizona	Children Move to Learn
*Council for Exceptional Children Reston, Virginia	Video Training Packages in Child Variance
D.E.A.F. Media, Inc. Oakland, California	Rainbow's End
*Developmental Learning Materials Allen, Texas	Comprehensive Assessment and Service Evaluation Helping the Handicapped through Parent/Professional Partnerships

*These organizations provided information used in this Descriptive Analysis.

Licensed Publisher	Product Title(s)
Educational Resources Center Boothwyn, Pennsylvania	Career Education for the Handicapped: Current Perspectives for Teachers The Map, the Mission and the Mandate
*Encyclopaedia Britannica Educational Corporation Chicago, Illinois	Mainstreaming in Action People You'd Like to Know People You'd Like to Know Boods
*Films Incorporated Wilmette, Illinois	Martha
*Foreworks Publishing North Hollywood, California	Auditory Skills Instructional Planning System Parent Teacher Conferences
*Hubbard Northbrook, Illinois	The Good Life I Am, I Can, I Will Purple Adventures of Lady Elaine Fairchilde So You're Going to Hearing Strategies for Training Regular Educators to Teach Children with Handicaps (STRETCH)
*Individual and Family Development Services, Inc. York, Pennsylvania	Families First
*Instructional Dynamics, Incorporated Chicago, Illinois	A Consumer's Guide to Personnel Preparation Programs: Inservice Programming and Public Law 94-142 A Consumer's Guide to Personnel Preparation Programs: Thirty Projects/A Conspectus A Consumer's Guide to Personnel Preparation Programs: The Training of Paraprofessionals in Special Education and Related Fields A Consumer's Guide to Personnel Preparation Programs: The Training of Professionals for the Education of Low-Incidence Populations of Handicapped Children A Consumer's Guide to Personnel Preparation Programs: The Training of Professionals in Physical Education and Recreation of the Handicapped

Licensed Publisher	Product Title(s)
	A Consumer's Guide to Personnel Preparation Programs: The Training of Professionals in Vocational Education for the Handicapped
*Journal Films, Inc. Evanston, Illinois	Choices Learning to Live on Your Own We Are One You and the Law
*Joyce Media, Inc. Northridge, California	Career Education Package It's Your Money Signfest
*Kids Come in Special Flavors Co. Dayton, Ohio	Educating Handicapped Children in the Regular Classroom Kids, Mainstreaming and You
*Lawren Productions, Inc. Mendocino, California	Giving Birth and Independence Special Delivery To Say I Am
*National Committee, Arts for the Handicapped Washington, D.C.	Humanism and the Arts in Special Education
*The Oryx Press Phoenix, Arizona	Educational Products for the Exceptional Child: Catalog of Products Funded by the Bureau of Education for the Handicapped
*Pleasantville Educational Supply Corporation Pleasantville, New York	Electronic Assembly Program for the Deaf
*Research for Better Schools, Inc. Philadelphia, Pennsylvania	Behavior Management Strategies Clarification of P.L. 94-142 for Classroom Materials Exploring Issues in the Implementation of P.L. 94-142
*Scholastic Testing Service, Inc. Bensenville, Illinois	Rockford Infant Developmental Evaluation Scales (RIDES)
*Selective Educational Equipment, Inc. Newton, Massachusetts	What If You Couldn't...?
*Skye Pictures, Inc. Washington, D.C.	Museum Access Planning Sources (MAPS)

Licensed Publisher	Product Title(s)
*Social Science Education Consortium Boulder, Colorado	Project MAVIS Sourcebooks
*Southern Educational Communications Association (SECA) Columbia, South Carolina	Martha's Story
*Special Press Columbus, Ohio	Managing and Teaching the Severely Disturbed and Retarded
*Stoelting Company Chicago, Illinois	Functional Vision Screen Inventory Mathematics for Learning Disabled Youth Model Vision Project Peabody Mobility Kit: A Program in Mobility for Multiply Impaired Blind Children Peabody Mobility Kit: A Program in Mobility for Multiply Impaired Low-Vision Children Ratusnik Measurement of Language Development Student Activity Guide: A Piagetian Perspective
*Telesensory Systems, Inc. Palo Alto, California	Autocom Optacon Instructional Materials for Children
*University of South Florida Film Library Tampa, Florida	Principles of Playground Design
*Walker Educational Book Corporation New York, New York	Children's Early Education Developmental Inventory
*WGBH-TV, The Caption Center Boston, Massachusetts	Captioning Reference Manual

NOTE: This list shows 71 titles because several licensed publishers combined and/or split products covered by licenses negotiated with the MLP.

PRODUCT DEVELOPER SURVEY

In order to obtain information relating to development of OSE-supported products and product developers' views of the Market Linkage Project, ten developers were interviewed over the telephone. Each product developer was asked up to a total of 43 questions, depending upon the need for follow-up to specific interview questions. The questions asked were:

- How many products have you developed under BEH grants?
- How many products have you developed with funds from other sources?
- How many products have you marketed through the Market Linkage Project?
- What was the origin of the idea for your product now marketed through MLP?
- What was the product format?
- How much money was spent to develop the product (including research and development but excluding manufacturing costs); was the funding totally from BEH; if no to the above, what was the amount of your organization's contribution?
- How were the product development funds spent?
- If possible, please provide a cost breakdown by product component (e.g., funds spent for teacher's guide, for film, for student activity sheets, etc.).
- What was the basis of your selection of product format? (e.g., Why choose print, multimedia, etc.?)
- Was there any formal or informal market research done before product development began; if so, what type of market research?
- Has your organization developed programs for teachers or students in the past; if yes, how many programs? For teachers; for students? What types of programs? (Print, A-V, multimedia, etc.)

- If you have developed programs (products) in the past without BEH funds, have these programs been distributed; if so, how?
- Do you have a permanent staff of product developers?
- Have you personally had experience in developing products before? For a commercial organization? Does your staff have previous product development experience?
- How did you find out about the Market Linkage Project?
- Did you receive any technical assistance from the MLP about how to make your product more marketable?
- If you received MLP assistance, what type of assistance was it?
- Who initiated the technical assistance?
- If MLP initiated the assistance, who was the contact?
- If BEH was the initiator of assistance, who was the contact?
- When did you plan product distribution?
- What type of technical assistance was provided by the MLP?
- Have you ever distributed your programs/products before? If yes, did you distribute them commercially, non-commercially, or both? If yes, did you go through the MLP mechanism?
- How would you characterize the technical assistance you have received from MLP?
- Have you ever attended an MLP technical assistance conference; if not, why not; if yes, how would you rate the conference(s)?
- How would you rate the publications the MLP makes available to you?
- Have you ever attended a publishers conference to make a presentation on your product; if so, at whose expense; what was the nature of the expenses (including manufacture of sample products and shipment, your travel, etc.)?

- Did you talk with any commercial publishers about your product while it was in the developmental stages; if so, what was the nature of the conversation (advice you received, etc.)?
- Was your product field tested? If yes, was the field test formal (questionnaires, pre- and post-test, etc.) or informal (teachers use product and comment)?
- Was the field testing formative (occurred during product development) or summative (product was in final form before testing)?
- Was the product modified as a result of field testing; if yes, how much modification was made?
- Who conducted the field testing?
- How long did field testing take?
- Is there a published report detailing the testing procedures, instruments, and results; if yes, would you be willing to make it available to MDI for purposes of this project?
- If you are currently distributing programs, do you receive a royalty; if yes, what is the royalty rate?
- Is the royalty rate shared with Federal Government; authors; university; others?
- How do you use your royalty income?
- Do you feel the royalty is too much; too little; or adequate?
- Are legal requirements (copyright, licensing, releases, etc.) adequate, cumbersome, unlivable?
- Did the commercial distributor revise your product before publication; if yes, did you take part in the revisions?
- How do you rate the revisions?

- Do you have any comments, statements or suggestions to make about the BEH Marketing Program or the Market Linkage Project?

Appendix D

PUBLISHER CONFERENCE AGENDA

AND DISCUSSION TOPICS

OSE PUBLISHERS CONFERENCE

March 11-12, 1981

The Ramada O'Hare Inn
Des Plaines, Illinois

— CONFERENCE AGENDA —

WEDNESDAY, MARCH 11

1:30 p.m. Conference Welcome
Dr. James S. Johnson, OSE Marketing Director

1:45 p.m. Conference Orientation
Joan E. Dannenbaum & Daphne A. Philos, Market Dimensions, Inc.

2:30 p.m. CONFIDENCE OF PUBLISHERS IN BEH/OSE MARKETING SYSTEM
Small Group Work/Discussion Sessions

4:00 p.m. Refreshment Break

4:30 p.m. CONFIDENCE OF PUBLISHERS IN BEH/OSE MARKETING SYSTEM
General Session: Reports on Small Group Findings

5:30 p.m. Adjournment for Day

THURSDAY, MARCH 12

8:30 a.m. Coffee Service

9:00 a.m. IMPACT OF MATERIALS ON LEARNERS AND TEACHERS
Small Group Work/Discussion Sessions

10:30 a.m. Coffee Break

11:00 a.m. IMPACT OF MATERIALS ON LEARNERS AND TEACHERS
General Session: Reports on Small Group Findings

12:00 noon Luncheon Break

1:00 p.m. BENEFITS OF BEH/OSE MARKETING SYSTEM TO PUBLISHERS & GOVERNMENT
Small Group Work/Discussion Sessions

2:30 p.m. Refreshment Break

3:00 p.m. BENEFITS OF BEH/OSE MARKETING SYSTEM TO PUBLISHERS & GOVERNMENT
General Session: Reports on Small Group Findings

4:00 p.m. WRAP-UP AND REVIEW OF CONFERENCE FINDINGS
General Session

5:00 p.m. Conference Close

OSE PUBLISHERS CONFERENCE

March 11-12, 1981

The Ramada O'Hare Inn
Des Plaines, Illinois

— CONFERENCE DISCUSSION TOPIC —

CONFIDENCE OF PUBLISHERS IN THE BEH/OSE* MARKETING SYSTEM

1. To how many Linc RFPs has your company responded?
2. What is your opinion of the general quality of the OSE products offered?
3. What kinds of research are normally employed to determine the market for other products distributed by your company? Is the information sought comparable to that provided by Linc Resources?
4. Are techniques for assessing the special education market different from those used to assess other education markets?
5. Had your organization had prior experience in distributing products developed with Federal funds?
6. What is your assessment of the quality and quantity of data available on RFP products (provided by both the developer and Linc Resources' editorial and technical appraisals)?
7. Was the marketing data provided by Linc Resources on the product(s) your company acquired verified through distribution experience? If more data was required, what kind(s)?
8. Is the RFP procedure equitable? Are the RFPs themselves comprehensible? Who in your organization (by title) receives the RFP Alerts? Is this the right person?
9. What is your organization's opinion of the terms of your license (including copyright and royalty provisions)?
10. In general, were the product refinements you made to the OSE product(s) — content, format, packaging: Extensive? Moderate? Minimal? What kinds of revisions were required to ready the product(s) for inventory?
11. Will your organization bid on future RFPs if the product is appropriate?
12. Would your organization participate in similar marketing programs for distribution of other Federally-sponsored education materials?
13. What are the greatest problems encountered in selling special education materials?
14. How long has your organization been distributing the OSE product for which you were awarded the license?

* OSE (Office for Special Education) is the name of the former Bureau of Education for the Handicapped (BEH), the agency in existence when most of the current licenses were awarded.

— NOTES —

OSE PUBLISHERS CONFERENCE

March 11-12, 1981

The Ramada O'Hare Inn
Des Plaines, Illinois

— CONFERENCE DISCUSSION TOPIC —

IMPACT OF MATERIALS ON LEARNERS AND TEACHERS

1. Does your company distribute evaluation forms with the OSE* product? If so, in what manner are they distributed? How many or what percentage are returned?
2. a. Is evaluation data collected in other ways?
   b. If so, how?
3. In general, what are the results of the evaluation? Excellent? Good? Fair? Poor? Are recommendations for product improvement made?
4. Please provide any data collected by your company in the following areas?
   a. What is the "use rate" of the BEH product(s) distributed?
   b. Is the product generally effective with learners? What, if any, measurable gains have been made?
   c. Can the product be used with a variety of types of learners?
   d. How do educational users compare the BEH product with other special education materials?
   e. On a scale of 1 to 5 (1=excellent; 5=poor), how do teachers rate your BEH product for?
      - content (accuracy, sequence, specificity of objectives, interest level, etc.)
      - technical quality
      - packaging (convenience, durability)
      - teacher's guide (if applicable)
      - ancillary materials (if applicable)
      - adaptability to existing curriculum
      - adaptability to available classroom time
5. Is evaluation data collected for your organization's non-BEH products? If so, is the collection process the same? Is the response rate the same?
6. How does your organization use evaluation data (product modification, development of supplementary materials, etc.)?

* OSE (Office for Special Education) is the name of the former Bureau of Education for the Handicapped (BEH), the agency in existence when most of the current licenses were awarded.

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— NOTES —

OSE PUBLISHERS CONFERENCE

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-- CONFERENCE DISCUSSION TOPIC --

BENEFITS OF THE BEH/OSE* MARKETING SYSTEM TO PUBLISHERS AND GOVERNMENT

1. In your opinion, has your organization's participation in the Marketing Program resulted in:
   a. increased sales volume?
   b. increased product depth in special education markets?
   c. enhanced public image of the organization?
   d. cost-effective product acquisition (specifically OSE products)?
   e. diversification of markets?
   f. expanded product line?
2. Are there other benefits of your company's participation in the System?
3. In your opinion, has the Marketing Program proven of benefit to the Federal Government in any or all of the following ways?
   a. improvement of OSE products by publishers without additional cost to the Federal Government?
   b. improved dissemination of OSE products, reaching more teachers and students?
   c. return on funds invested in product development and the Market Linkage Project (through grantees/contractors and Linc Resources) in the form of royalties and corporate taxes?
   d. harnessing of the marketing expertise of the private sector to assist in the accomplishment of the OSE mission?
4. Are there other benefits to the Federal Government?

* OSE (Office for Special Education) is the name of the former Bureau of Education for the Handicapped (BEH), the agency in existence when most of the current licenses were awarded.

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-- NOTES --

SURVEY QUESTIONS FOR

LICENSED PUBLISHERS' PROPRIETARY DATA

In order to obtain data concerning the costs incurred by publishers in refining, packaging, manufacturing and marketing products obtained through Linc Services, 35 OSE licensed organizations were asked to submit relevant information on all licensed products to an independent accounting firm. Publishers were asked to include the following types of information:

GENERAL

- The number of OSE products* (complete titles/programs licensed through Linc Services) currently distributed;
- Whether the OSE product(s) are the first for the special education market;
- How much time (in weeks) elapsed between the notification of the awarding of the distribution rights to this OSE product and receipt of the complete product from Linc (or the developer);
- How much time (in weeks) elapsed between the notification of the awarding of the distribution rights to this OSE product and availability of the product in the marketplace.

PRODUCT DEVELOPMENT

- The number of components in each OSE product*, along with each component's medium or format;
- Whether changes were made in the format/medium of the OSE product and if so, why and how;
- The total capital investment required to put this OSE product into inventory (including editorial changes, format revisions, packaging modifications, and manufacturing costs);

*See definitions at the end of this Appendix.

- Whether the organization has acquired already developed or completed programs from sources other than Linc; if so, whether the refinements made to those products were similar to the refinements made to the OSE product; if so, how the refinement costs for the OSE product generally compare* to those for the non-Linc product(s);
- Kinds of special development costs, if any, incurred in refining the OSE product;
- How the first run manufacturing costs for this OSE product generally compare* to those for other special education products;
- How the first run manufacturing costs for this OSE product generally compare* to those for other non-special education products.

MARKETING

- How the OSE product is marketed;
- The estimated first year marketing costs for the OSE product (including expenses of journal/magazine ads, special brochures, catalogs, conventions, software dealers, direct sales force, commissioned agents, telephone sales, customer service, and order fulfillment);
- Whether the OSE product is marketed any differently than other products in the organization's product line;
- Whether marketing expenditures for the OSE product are generally comparable* with those for other special education products (as a % of gross sales);
- Whether marketing expenditures for the OSE product are generally comparable* with those for other non-special education products (as a % of gross sales);

- How costs for order fulfillment, billing, and customer service for the OSE product generally compare* with those for other special education products;
- How costs for order fulfillment, billing, and customer service for the OSE product generally compare* with those for other non-special education products;
- Of the total primary market for the OSE product, the percent of the potential users* who have access to the product;
- The percent of the estimated target audience* reached through marketing/promotion efforts for the OSE product;
- The sales price of the OSE product;
- The number of units sold since distribution of the OSE product began;
- How the number of units sold of the OSE product generally compares* with unit sales for other special education materials (similar in price and size of user population) during the same time period;
- How the number of units sold of the OSE product generally compares* with unit sales for other non-special education materials (similar in price and size of user population) during the same time period;
- How original sales estimates (in units) for the OSE product* compare to actual sales achieved (in units).

FINANCIAL

- Royalty rate paid to Linc for the OSE product; total royalty payments made to date;
- How the Return-on-Investment for the OSE product generally compares* with the ROI for other special education products;

- How the Return-on-Investment for the OSE product generally compares* with the ROI for other non-special education products;
- Whether the administrative and financial reporting requirements (for marketing expenditures, product modifications, and royalty payments) of Linc Services and/or the Federal Government conform to the company's established procedures and, if not, what the impact of these requirements is.

DEFINITIONS

AN OSE PRODUCT is the complete title, program, or series for which the organization negotiated a distribution license with Linc Services. For instance, if the organization negotiated one license to distribute five 16mm films, each film would be considered a component of the one product; this product, therefore would have 5 components. On the other hand, if the organization negotiated five separate licenses for the five 16mm films, each film would be considered a separate product composed of one component each.

EDITORIAL COSTS include the following: manuscript editing, teacher's guide editing, new component development, advisor fees, as well as all other costs regularly assigned to "editorial costs".

PRODUCTION COSTS include the following processes: production of the inter-negative, sound track mastering, visual component editing, sound track editing, sound track re-recording, preparation of mechanicals, as well as all other costs regularly assigned to "production costs".

PACKAGING COSTS include the costs of box design, cover design, label design and similar items.

MANUFACTURING COSTS include all costs of manufacturing the initial run of the product.

COMPARABLE is calculated to be as much as 10% more or less, using the OSE product information as the base factor.

USERS are those individuals who benefit from the use of the product; i.e., learners -- whether they are students, teachers, parents, etc.

TARGET AUDIENCE is that group of individuals empowered to make decisions concerning purchase of materials.

FEASIBILITY SURVEY ON ADAPTATION OF EXISTING CURRICULUM MATERIALS TO MEET NEEDS OF HANDICAPPED LEARNERS

In reviewing the preliminary results of the report on the OSE Marketing Program, the question arose as to whether existing general curriculum materials could be adapted for use in special education. This process could supplement new product development and expand the use of resources already available in local school districts. Therefore, the scope of the Descriptive Analysis of the OSE Marketing Program was deepened slightly to examine the feasibility of revising widely-used curriculum materials to make them suitable for teaching not only the handicapped, but other students with special and remedial needs. The examination included an analysis of the current economics of educational publishing; and interviews with leading publishers concerning their intent to compete for Federal funds to participate in a cooperative project with OSE (and the circumstances under which they would do so).

Current State of Text Publishing

Book sales thus far in 1981 have generally been stronger than most publishers anticipated. Trade hardbound sales are up 19.1%; adult paperbacks up 16.0%; college texts up 14.6%. And, elementary and secondary books are up 5.5%. Most of this increase, though, is due to higher prices; when inflation is taken into consideration, the market is probably flat or even declining.

With Federal budget cuts, uncertainty over the impact of bloc grants to state and local governments, and declining enrollments, the future of text publishing is clouded. Yet, there will continue to be text series produced and sold; industry sales were $1.983 million in 1980, up from $1.755 million in 1979.

The big question is: What will elementary-secondary publishing be like in the next few years? The advent of computers and cable in local education systems, coupled with the tremendous cost of producing and distributing all learning materials -- and certainly basal texts -- will cause many publishers to seriously examine the economics of this type of publishing and to look for additional ways to amortize the cost of their ventures over more students and more markets.

Basal text series, as such, do not exist anymore. They are more appropriately called text systems. In addition to the textbooks themselves, most systems now include a variety of other learning materials -- workshops, manipulatives, teaching editions, pre- and post-evaluations, audiovisual components -- and are geared to be used with a wider spectrum of learning styles and needs.

Publishing a basal text system can be a very long and expensive process involving hundreds of people. A complex management challenge, it has become such a high risk venture that more and more publishers are relying on "managed" text systems involving in-house publishing teams (rather than on the former method of publishing materials developed by people who were full-time college professors or teachers and part-time authors).

A successful reading or math or science text system normally takes from four to as many as seven years to develop, and includes the following steps:

1.	Market Research	6 to 12 months
2.	Planning	6 to 9 months
3.	Writing	6 to 12 months
4.	Editing and Testing/Evaluation	9 to 12 months
5.	Design	9 to 12 months
6.	Manufacturing	3 to 6 months
7.	Adoption, Selling and Marketing	8 to 12 months
	TOTAL	4 to 6+ years

These steps need to be coordinated, and the process timed, to coincide with major state instructional materials adoption cycles. Because there may be anywhere from 30 to well over 100 people involved in developing literally hundreds of items (books, filmstrips, workbooks, etc.), detailed planning and coordination is essential. There is little room for adding materials late in the process. And, while new items can be added to the complete program after publication, their appropriateness and compatibility with the entire system may be more difficult to ensure. This is also less cost-effective.

The cost of developing such a system is high. A basal system in reading or math may cost $8 to $10 million to develop; a social studies system $4 to $5 million; a revision of any of these systems $2 to $4 million. That constitutes the investment in the original development and marketing. A profit/loss statement on such a system might look like this over the 5-year life of the project:

SALES	100%
Investment in Developing System and Plates	8%
Manufacturing	30%
Royalty Expense	6%
GROSS MARGIN	56%
Editorial Costs	4%
Sample Costs	5%
Sales Expense	18%
Advertising and Promotion	4%
Overhead and Cost of Money	10%
Distribution	5%
PRE-TAX PROFIT	10%

That 10% pre-tax profit is less than most industries settle for and may be considerably lower should the company miss its release date, its target

audience, or its marketing plan. The high risk and comparatively low profit have caused many companies to shy away from this type of publishing. Those which do get involved are very careful about involving outside groups in the process for fear of upsetting the balance and holding up the schedule. Those which might be interested in co-ventures (such as with a Federal agency), probably would insist on early and long-term involvement throughout the entire publishing cycle -- and secrecy, so as not to divulge proprietary trade information to competitors too far in advance of publication.

Adding to the risk in text publishing is the whole phenomenon of adoptions. Between twenty and twenty-seven states, mostly in the South and West, still have some sort of adoption process. These include such large and important states as California, Texas and Florida. These states usually adopt texts in cycles based on subject areas and grade levels. The materials are normally adopted for five years.

For many years there was only one text adopted in each subject for each grade level. Adoptions represented such big business that states like California insisted on buying printing plates rather than bound books in order to manufacture their own texts. It was not unusual for the states to edit texts to fit their own curriculum or political needs.

Over the last ten years, the adoption process has changed. Now, it is not unusual that:

1. Three to five systems are adopted for each subject area or grade level.
2. The adoption process is used for audiovisual materials as well as texts.
3. States have abandoned the printing and depository business.

4. Local school districts have some discretion in purchasing texts (adopted or non-adopted) with their state textbook money.

5. Many minority groups are involved in the review, evaluation and decision about which texts are placed on the approved-for-purchase list.

Basal publishing is not a business for the faint-of-heart. It is multi-grade system publishing for a required course, calls for high risk for a very long investment period, and generally falls outside of the normal image of genteel publishing. As one veteran of basal publishing put it: "It's a competitive, hard-sell game." Recently that game has been further complicated by the high cost of money, "phantom purchasing cycles", and delays in purchases due to local budget squeezes.

Because of the nature of the business and its current state of affairs, publishers may or may not welcome the chance to enlarge their market by publishing special programs for students with special educational needs to accompany their regular text systems. If they do become involved, it will have to be worth their while and they will probably require:

1. Funding support for development and, perhaps even marketing.

2. Close cooperation with the funding source, but the retention of final editorial and marketing control.

3. Involvement of the funding source very early in the cycle, with some guarantee that the source will be able to commit people and funds for the full cycle, not on a year-to-year basis.

4. A simplified proposal and reporting system that protects proprietary information, and doesn't require publishers to spend more time and generate more paper than they do on the text system or than they require of themselves.

Publisher Survey

Publishers of the most widely used basal systems in reading, math, science and social studies are:

Reading

Addison-Wesley (K-3)
Economy Company (Elementary)
Esquire, Inc.-
Allyn-Bacon (1-6)
Harper & Row (Elementary)
Holt (K-8)
Houghton-Mifflin (Elementary)
Laidlow (Elementary)
MacMillan (Elementary)
Scott-Foresman (K-8)

Social Studies

American Book (K-12)
Follett (K-12)
Ginn (Secondary)
Houghton-Mifflin (K-8)
Rand McNally (Elementary)
SRA (Elementary)
Webster (Elementary)

Math

Addison-Wesley (7-9)
Esquire, Inc.-
Allyn-Bacon (7-9)
MacMillan (Elementary)
Open Court (Elementary)
Scott-Foresman (Elementary)
SRA (Elementary)

Science

Addison-Wesley (K-6)
Harcourt, Brace Jovanovich (K-9)
Harper & Row (K-9)
D.C. Heath (9-12)
Holt (1-6)
Houghton-Mifflin (9-12)
Laidlow (K-9)
Prentice-Hall (7-9)
Scott-Foresman (Elementary)

The leading companies were surveyed to obtain their opinions about competing for Federal funds to participate in a cooperative project with OSE. The survey indicated that these companies are willing to explore such a venture; results of the survey follow.

The authors of this report talked with senior editors of eight publishing companies with leading basal systems in reading, social studies, math and science. In all cases, these individuals were receptive to the concept of a cooperative effort with OSE to revise existing materials or develop supplementary materials for students with special needs. In fact, two companies (one with an elementary math system, and one with an elementary science system) said they were actively looking for assistance for this kind of project.

Without exception, all publishers would require maintaining complete editorial control over revisions to existing materials and development of supplementary materials. Five of the companies would want this to be performed

on an in-house basis; one company would require that revisions or modifications be made in-house, but indicated that supplementary materials could be developed by an OSE contractor, as long as the publisher retained editorial control; and the remaining two companies would consider having all work done by an OSE contractor, with the provision that they retained editorial control.

Regarding Federal financial support, the publishers expressed flexibility and a willingness to negotiate. Specifically, two companies said that they would probably prefer that OSE underwrite all costs of revisions and/or supplementary materials development, with royalties paid back to the Government. Two other companies thought sharing costs with OSE, with no royalty obligation was a possible alternative. And, another company said that it would consider underwriting the costs itself, if OSE could supply enough hard data to indicate that the market was large enough to warrant the investment. Again, there was a willingness on the part of all publishers to discuss various financial alternatives.

The surveyed publishers agreed that the best time to make revisions or develop supplementary materials is at the beginning of the companies' revision cycles, which generally occur every 4 to 5 years. One company indicated that it could undertake changes at any time, by working around the revision cycle; another stated that copyright updates also provide opportunities for some revision. It should be noted, however, that planning for revisions can start as much as three years before the existing cycle ends; any competitive bidding process must provide adequate lead time. In the case of supplementary materials, timing is not quite as critical, but all publishers agreed, "The earlier in the cycle, the better."

On the issue of copyright, publishers were unanimous that all rights must be retained by the company.

With the exception of one company, publishers all stated that they would be willing to undertake promotion, sales, and fulfillment for revised or supplementary materials at their companies' expense. One publisher said that some assistance in this area might be necessary if the market is "too thin".

Companies participating in the telephone survey were:

Addison-Wesley
Esquire, Inc. (Allyn-Bacon)
Follett
Harcourt, Brace Jovanovich
Houghton-Mifflin
Open Court
Prentice-Hall
Scott-Foresman

Conclusion

The Market Linkage Project for Special Education seems to show that the public and private sector can work together efficiently and economically to bring already-developed materials to special audiences. It probably also makes sense for the public and private sector to work together to develop and market learning materials to accompany programs already in the hands of local schools and the students they are serving. However, this kind of venture will require extensive and careful planning, followed by three to five years of serious cooperative effort.

GLOSSARY OF TERMS

BEH, USOE — Bureau of Education for the Handicapped, U.S. Office of Education. This designation was changed upon creation of the Department of Education to Office for Special Education, U.S. Department of Education (OSE, ED).

COMMERCIAL PUBLISHERS/DISTRIBUTORS — Non-Federal organizations, both non-profit and for-profit, with the professional capability to refine, manufacture, package and market OSE products on a national basis.

COMPARABLE -- A range of plus or minus 10%, used to describe differences and similarities between OSE and other education products.

COMPONENT — A film, videotape, book, pamphlet, audio cassette, filmstrip, slide set, etc. which may be one portion of a multi-part product (e.g., a filmstrip in a multimedia kit) or the entire product, when licensed singly.

DEVELOPER — An OSE grantee or contractor who creates products for the special education field.

DEVELOPMENTAL RFP — A call for publishers' bids to advise an OSE grantee or contractor on format and marketing factors during product development.

EDGAR -- Education Division General Administrative Regulations.

EDITORIAL COSTS — Include manuscript editing, teacher's guide editing, component development or revision, advisor or consultant fees.

FILM/VIDEO PRODUCTS — 16mm films, videotapes and/or videocassettes which may or may not be accompanied by a user's guide.

LICENSE — An agreement with the Market Linkage Project under which a commercial publisher distributes OSE products for a specified time period. The license may or may not grant exclusive distribution rights, and may or may not require payment of a royalty by the publisher.

LINC RESOURCES -- The organization, based in Columbus, Ohio, to which the Market Linkage Project contract was awarded from FY 1978-80, and again from FY 1981-83.

MANUFACTURING COSTS -- Include all processes involved in the mechanical reproduction of multiple copies of a product.

MARKET PENETRATION -- Percent of relevant purchaser and/or user population reached for a specific purpose.

MLP -- Market Linkage Project for Special Education, the major component of the Federally-funded OSE Marketing Program.

OSE, ED -- Office for Special Education, U.S. Department of Education.

"OTHER" PRODUCTS -- Include, but are not limited to, audiocassettes, filmstrips, multimedia kits, slides, special equipment and print/media combinations.

PACKAGING COSTS -- Include box, cover and label design.

PRINT PRODUCTS -- Hard or soft cover books, pamphlets, ditto masters and other printed material.

PRODUCT -- Complete title, program or series for which a distribution license is awarded; may consist of a single component or multiple components.

PRODUCTION COSTS -- Include creation of a film inter-negative, sound-track mastering, visual component editing, sound-track editing, sound-track re-recording and preparation of mechanical.

Descriptive Analysis

of the

OSE Marketing Program

Executive Summary

Market Dimensions, Inc.

EC162186

MARKET
DIMENSIONS
INCORPORATED

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FINAL REPORT

"DESCRIPTIVE ANALYSIS OF THE OSE MARKETING PROGRAM"

EXECUTIVE SUMMARY

Contract No. 300-80-0846

Submitted to

OFFICE FOR SPECIAL EDUCATION

U.S. DEPARTMENT OF EDUCATION

By

Market Dimensions, Inc.

October 31, 1981

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Joan E. Dannenbaum, Project Co-Director

Daphne A. Philos, Project Co-Director

Linda M. Titus, Director of Research & Conferences

EXECUTIVE SUMMARY

The OSE* Marketing Program was established in 1977 to foster the widespread dissemination of special education materials developed with Federal funds. Prior to the creation of the Marketing Program, Federally-funded special education materials were disseminated on a sporadic basis. In 1976 a study group was formed by what was then the Bureau of Education for the Handicapped (BEH*, now the Office of Special Education) to develop plans for a coordinated, aggressive Bureau-wide marketing effort. The current Marketing Program was officially launched in the fall of 1977 to facilitate national dissemination of products resulting from OSE-funded projects with particular emphasis on commercial distribution to take advantage of private sector advertising and sales capabilities.

The Marketing Program operates mainly through the Market Linkage Project (MLP*), a contracted service which provides technical assistance to product developers*; gathers and evaluates products* for commercial distribution potential; licenses products to commercial publishers/distributors* through a competitive bidding process; and places "thin" (limited market) products in alternative distribution channels.

The purpose of this report is to present a concise description of the OSE Marketing Program and to provide documented information about the development and dissemination of OSE-supported products, their effect on consumers and the benefits (or lack of them) to all parties involved in the Program. Because the Program has only operated for three years, and because emphasis

* See Appendix (Glossary of Terms) for definitions of asterisked terms. Terms are marked once, or the first time they appear in this Summary.

on using commercial publishers is unique, there is no relevant departure point for making comparative judgments about Program effectiveness. Therefore, this report is largely process-oriented, rather than outcome-oriented. Data used in the study was obtained from existing reports on dissemination of Federally-funded materials; reports of the MLP contractor; personal interviews with OSE and MLP staff and Marketing Task Force members, product developers and publishers.

Summary of Findings

In general, the Marketing Program operates effectively and cost-efficiently. The major area needing improvement is technical assistance to developers; other weaknesses can be categorized as logistical and mechanical and, though they have an impact on the operations of the Program, they should not be difficult to correct.

During the first three years of the Marketing Program, 210 products were submitted to the Market Linkage Project by OSE. Of these products, 130 were judged appropriate for commercial distribution; by contract close, 87 product licenses* were awarded or were in the process of negotiation. This means that almost 70% of the products approved for commercial distribution entered the marketplace and, based on publishers' sales information, seem to be reaching a significant percentage of their target audience. This was achieved through a documented investment of almost $2 million by commercial publishers for only 40 of the licensed products. An examination of each of the phases Marketing Program yielded the following information.

Conceptualization and Development of OSE Products

Products resulting from grants or contracts with OSE's Division of Educational Services are often the primary intended outcome and are developed

to meet an identified need. By contrast, many of the OSE products in the Marketing Program are "fugitive" products; that is, they are off-shoots of larger research or training grants. They usually do not originate with formal needs assessments, but rather emerge as tools to implement the research or training activity.

Because development of these "fugitive" products is not planned as an end in itself, there is often a lack of consideration given to marketing factors such as widespread need, product design and cost of reproduction. Further, because product development is not specified as an outcome of the original funding proposal, the grantee or contractor is not identified as a potential user of the MLP's technical assistance until much of the product development work has occurred.

A corrolary problem associated with "fugitive" products is identifying the costs associated with product development because development costs are not shown in a separate budget category. The Federal Government cannot document its total product investment and an examination of development/marketing costs for licensed MLP products can therefore not be performed.

Of the 70 products licensed in the first three years of the Marketing Program, 61% were for teacher use, and 31% were designed for students.

MLP Services to Product Developers

The primary service provided by the MLP to product developers is technical assistance. All participants in the Program have agreed on the need for, and importance of, early assistance to product developers. However, investigation of the nature and timeliness of the assistance provided indicates that this is the greatest weakness in the Program.

The initial contact between MLP staff and product developers often occurs too late to impact on the product or, when it is timely, the assistance may be inadequate. Three specific problems have been found:

a. OSE project officers are not sufficiently aware of the Marketing Program to inform product developers of the type of assistance available.

b. Grantees contemplating product development activities are not identified early enough in the process to take full advantage of available assistance.

c. MLP technical assistance activities are, in some ways, insufficient. There are inadequate funds to permit MLP staff to conduct enough workshops or to make site visits to product developers, and MLP technical assistance publications to date are too general to be of real value to the novice developer.

MLP Product Intake, Review and Dissemination Recommendations

MLP procedures for receiving and reviewing OSE products appear to function well. Product intake tasks and preparation of product profiles are performed efficiently. The quantity and quality of data collected by MLP staff on the OSE products is considered satisfactory by the members of the Marketing Task Force, who review products for commercial viability.

As regards the MTF itself, there is ample evidence that this group functions well in carrying out its review of OSE products. The MTF members believe that the group possesses the necessary knowledge to judge the likely commercial success of the products, and the MLP staff concurs in this analysis. Personal observation of an MTF meeting by this report's authors confirms the competency of that group.

However, commercial publishers believe that the MTF approves for licensing some products which are still in the developmental stage and which should, therefore, be labeled as such or withheld from licensing until the product is completed.

MLP Publisher Liaison and Product Licensing

Although the MLP maintains a mailing list of 550 individuals from 450 educational publishing companies, as well as 200 specialized publishers (such as test publishers), there is evidence to suggest that this list is incomplete. Some publishers report receiving RFP announcements only sporadically and others indicate that they never receive RFPs at all, but are only contacted after no other publisher bid on a product during competition. Further, several publishers who are not OSE-licensed distributors have indicated that they have never heard of the MLP but are interested in entering the special education market. To date, there has been relatively little involvement of general education publishers in the OSE Marketing Program.

Publishers who do receive RFPs have indicated dissatisfaction with the "market perspective" section. They feel that the market information has been more on the order of editorial commentary and that the MLP's market size statistics, when given, are inflated or inaccurate.

Also of concern to publishers is the amount of time available to preview the limited number of copies of products offered for bid and to prepare proposals. This situation can be improved by extending the time period or securing additional copies of the products.

Lack of multiple copies not only creates difficulties in product review, but also in terms of alternative dissemination routes. One such

route is the National Audiovisual Center (NAC), which requires 25 copies for inventory before it will distribute a product. The option of using NAC as an alternate distribution channel is cut off unless funds are available to secure the additional copies.

Publisher Modification and Distribution of OSE Products

According to publishers of products licensed in the first three years, the products delivered to them through the MLP were of good "general" quality. The major type of modification was format or medium, with relatively few editorial changes required. The total capital investment required to put product into inventory was obtained for 40 of the 70 licensed products—it amounted to $1,190,091. These costs were generally comparable* to those incurred by publishers for their other products.

Publishers' first-year marketing costs for 41 of the 70 products amounted to $717,816. Again, these costs were generally comparable to those incurred for other special education products.

Publishers have had varying degrees of success with sales of OSE products, which can be attributed to factors such as the size of a product's target audience, the availability of funds to purchase the product, the quality of the publisher's marketing effort, and the length of time on the market. The latter has been affected by the time lag which often occurred between award of the distribution license and receipt of the completed product from the developer by the publisher.

Approximately 75% of the OSE products licensed in the first three years of the Marketing Program had been in distribution one year or less as of October 1, 1980. The commercial publishing industry allows 12-24 months to introduce and judge the success of a product because of school

buying cycles. Therefore, it is too early to make judgments concerning the number of sales or the percentage of target audience reached to date, but preliminary data is encouraging. Publishers compared sales of 33 products to their original sales estimates; the average sales of these 33 reached 88.4% of projection. Because sales estimates were approved by the MLP before award of licenses, it can be assumed that a significant percentage of the target audience was reached with actual sales reaching almost 90% of projections. Publishers' positive reactions to the Marketing Program, including the desire to continue participation, indicate their belief that the products' sales curves will rise in their third and succeeding years on the market.

Consumer Reaction to OSE Products

Teachers are the target audience for approximately 61% of the first 70 products licensed by the Market Linkage Project. Another 36% are designed for student use, while the remaining 3% are intended for general audiences.

Because no formal evaluation data on the effectiveness of MLP-licensed products is available, this report relied on reactions received by publishers and telephone interviews with purchasers whose names were provided by publishers.

Based on this informal data, including the fact that publishers measure a product's success by its sales volume, the consumer reaction can be judged favorable. However, much more data is required to be able to make a valid evaluation.

Program Monitoring

This is an area of weakness of the Market Linkage Project. Tracking and monitoring activities are required by the MLP contract to ensure effective distribution of OSE products, yet neither product evaluation nor publisher performance data appears to be collected by any formal means. Given the significant amount of money invested by OSE in both product development and marketing activities, it is essential that accurate data be compiled on the results of these efforts.

Marketing Program Benefits and Cost-Effectiveness

A statistical analysis of the Program's cost-effectiveness during the initial contract period cannot be performed at this time. Two of the three reasons for this have been mentioned earlier: 1) the unavailability of financial data revealing the Federal Government's total investment in product development, and 2) the absence of complete evaluation data on publisher marketing and sales performance for licensed products. The third factor is the lack of clear-cut Program goals, both in setting a specific percentage of MLP products to be licensed during the contract period and in terms of dollar or unit sales to be achieved by licensed products. Although establishment of such licensing and sales goals at the Program outset would have been arbitrary (and, perhaps, unwise), their absence closes off another way of statistically measuring Program progress.

Data which is available on Program operating costs shows that:

- The known Federal allocation of less than $1 million to the OSE Marketing Program has stimulated commercial distributors to invest a documented additional $1.9 million in modifications, manufacturing and first-year marketing for only 40 of the 70 licensed

products. Statistical projection of the per product average, and addition of a factor for 17 of the licensed products' second and third year marketing costs, brings the total commercial investment to an estimated $3.5 million. Commercial dollars, therefore, provided a better than 3-to-1 match of Federal funds.

- The Marketing Program has dramatically improved the dissemination of OSE-funded products. During a ten-year period prior to the establishment of the MLP, only 7% of 1,300 OSE-supported products entered commercial distribution. In the first three years of Program operation, over 41% of the total 210 products submitted to the MLP were licensed, or licenses were being negotiated, for commercial distribution.
- Comparison of certain aspects of the MLP to two other Federal dissemination programs which also distribute educational programs, the National Audiovisual Center (NAC) and the National Diffusion Network (NDN), reveals that MLP products appear to receive wider dissemination, at a lower cost to the Government, than either NDN or NAC products.

Furthermore, during the first three years of the MLP, benefits have accrued to both Program participants and users: the Federal Government, handicapped learners and teachers, commercial publishers/distributors, and OSE-funded product developers.

For the Federal Government, the value of the Marketing Program includes:

- the improved dissemination of OSE-supported products;
- improved product quality, at no direct cost to the Government;

- implementation of Government-funded R&D activities;
- an enhanced Government image; and
- use of the expertise of commercial publishers in refining, marketing, and distributing OSE-supported products.

The primary benefit to the educational user has been improved access to products which often remained on the shelf in the past. Handicapped learners and teachers have also benefited because products distributed through the Market Linkage Project appear to be of better quality than they would have been without commercial refinements. Product effectiveness and user satisfaction, however, are difficult to document. Although the MLP has a contractual obligation to compile user evaluation data on licensed products, insufficient data was collected during the initial contract.

Commercial publishers licensed to distribute OSE products cite many benefits from participation in the Marketing Program:

- minimization of risk in entering the special education market;
- increased company visibility and sales in the special education area;
- a heightened awareness of current developments in this field; and
- access to MLP staff for assistance on legal questions and liaison with product developers.

Program participation also offers benefits to developers, although to date, potential has been greater than value received. MLP technical assistance activities are designed to provide developers with a broad spectrum of advice and information on marketability concerns during product development. It was found, however, that during the initial three-year contract period, developers often received too little help, too late. This is an

area which could be significantly improved in the future. A benefit which has been realized by developers whose products are commercially licensed is the receipt of royalty payments. It should be noted that the financial return has been modest, however, because developers generally receive only 25% of the royalty and royalty rates vary.

Recommendations

1. Earlier identification of grantees who will have products as secondary outcomes is essential, both for technical assistance purposes and to permit OSE to monitor its product development investments. Grants (or contracts) issued for purposes other than product development should be amended at such time as products are contemplated to include product development budgets and dissemination plans.

2. OSE product developers must be made aware of marketing considerations prior to product development. Since grantees are likely to be more responsive to their OSE project officers (as the funding source), in-service training of OSE program personnel on marketing requirements is recommended.

3. Technical assistance activities need to be greatly expanded. The following activities are recommended: a) promote awareness of the MLP by training OSE project officers about its services; b) notify grantees/contractors earlier about the existence of the MLP -- perhaps through a description of the Marketing Program in all OSE RFPs and grant announcements; c) all OSE grantees and contractors (regardless of the purpose of the award) should be given information, prepared by the MLP, on product specifications at the time of the award. Developers should be required to submit their own product specifications to their project officers as soon as product development is contemplated. These should be forwarded to the MLP, and the MLP staff

should contact the developer immediately; d) the MLP should initiate earlier contact with all OSE grantees/contractors to determine if the project will result in product development; e) the MLP should provide earlier technical assistance to product developers, including on-site visits to the project; f) OSE should allocate funds to the MLP for these on-site visits and to product developers to attend technical assistance workshops; g) the MLP technical assistance booklet, "Toward Successful Distribution", needs to be expanded to provide developers with more detail about marketing considerations; h) a glossary of technical terms for product developers should be prepared by the MLP; i) the MLP should prepare a bibliography of technical reference books for use by developers; j) the MLP should prepare a list of national and regional print, laboratory, and sound studio experts with whom developers could work; k) the MLP should compile from publishers, and send to product developers, data on pre-production procedures to better inform developers of marketing considerations involved in product dissemination. Such data should include: manuscript evaluation forms; manufacturing spec sheets; sample marketing plan outlines; sample contract forms and clauses; race/sex bias guidelines; a digest of copyright law and procedures; talent release and work-for-hire forms; and author relation forms; and l) the Marketing Program contractor should improve promotion of the MLP to product developers to convince them that participation is to their benefit.

4. MLP mailing lists must be improved, both by adding more non-special education publishers (to encourage their participation) and by developing a means to ensure that those on the list systematically receive RFP announcements.

5. More and better market data should be provided to publishers; the "market perspective" contained in the RFP Alert is not adequate. When available, hard data on market size should be provided.

6. Products should not be available for bid until they are completed — unless they are awarded under a developmental RFP. Additionally, all legal requirements should be met before a product is submitted for bid. This will minimize any delay in delivery of completed products to licensed publishers.

7. The length of time permitted for response to RFPs should be increased (to 3 months) to permit distributors more time to preview the products and prepare their proposals. Additional funds should be made available to permit reproduction of additional copies of products so they can be made available to bidders in more complete form and for longer time periods. Additional copies are also needed for submission to the National Audio-visual Center for this to be an alternative dissemination route for products.

8. The MLP "license-based" definition of a product should be examined to determine whether it can be refined to eliminate reporting and tracking difficulties.

9. Early technical assistance to product developers, especially in the area of product design and format, should be provided in order to reduce the amount of publisher investment required for product modification.

10. Current information on trends and specific developments in the special education marketplace should be gathered and disseminated on a frequent basis to licensed publishers. They feel that additional updated information will be valuable in improving their marketing efforts.

11. Collection of user evaluation data must be improved. The MLP should consider requiring inclusion of standard evaluation forms with all products. These postage-paid forms should be returned directly to the MLP or to an independent contractor who can transmit the data on a systematic basis to OSE. This will assist in measuring Program cost-effectiveness and benefits.

12. A systematic and efficient mechanism should be established and employed to monitor the course of products once they are licensed. Publishers' marketing and sales performance must be measured against goals and projections contained in their bids. When such a system is operational, it will not only track compliance of publishers with terms of their agreement, but will provide MLP and OSE staff with empirical data about the factors necessary to achieve maximum dissemination of different kinds of products. These factors include characteristics of both the licensed distributors and the market for which the product is intended.

13. Grants or contracts awarded for purposes other than product development should be amended as soon as products are contemplated to include a separate budget reporting category for product development costs. With this data, OSE will be able to monitor its product development investment.

14. OSE should consider creating product licensing and sales goals for the Marketing Program, based on achievements during the initial contract period.

NOTE: More detailed information is available in the report, "Descriptive Analysis of the OSE Marketing Program".

GLOSSARY OF TERMS

BEH, USOE -- Bureau of Education for the Handicapped, U.S. Office of Education. This designation was changed upon creation of the Department of Education to Office for Special Education, U.S. Department of Education (OSE, ED).

COMMERCIAL PUBLISHERS/DISTRIBUTORS -- Non-Federal organizations, both nonprofit and for-profit, with the professional capability to refine, manufacture, package and market OSE products on a national basis.

DEVELOPER -- An OSE grantee or contractor who creates products for the special education field.

LICENSE -- An agreement with the Market Linkage Project under which a commercial publisher distributes OSE products for a specified time period. The license may or may not grant exclusive distribution rights, and may or may not require payment of a royalty by the publisher.

MLP -- Market Linkage Project for Special Education, U.S. Department of Education, the major component of the Federally-funded OSE Marketing Program.

OSE, ED -- Office for Special Education, U.S. Department of Education.

PRODUCT -- Complete title, program or series for which a distribution license is awarded; may consist of a single component or multiple components.